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Near East and South Asia Review

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**Near East and
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**Prospects for Counterterrorism Cooperation Among
Moderate Arab States**

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Moderate Arab states are increasingly becoming victims of major terrorist attacks and threats by Middle Eastern radicals. Some Arab leaders are calling for regional cooperation to counter the threat, but traditional Arab rivalries will stymie comprehensive cooperation.

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Saudi Arabia-Jordan: A Measured Friendship

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Saudi Arabia's close relationship with Jordan remains measured despite common foreign policy goals, extensive economic ties, and intertwined security interests. Periodic irritants are likely to be short lived, however, because both sides recognize the mutually beneficial nature of their relationship.

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Algeria: Coping With the Energy Price Slump

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Israel: A Reexamination of Israeli Arab Radicalization

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Scholarly studies in the past decade have emphasized the growing self-identification of Israeli Arabs as Palestinians, implying their political radicalization. Professors at Haifa University, however, have concluded from years of research that Israeli Arabs are becoming more "Israeli" in their attitudes and behavior.

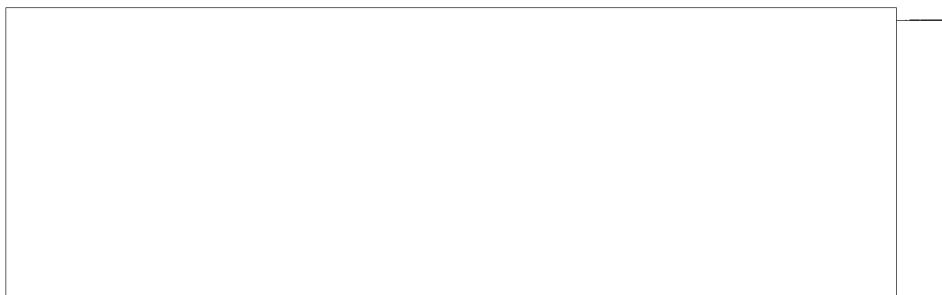
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Syria's Elite Military Units: The Changing of the Guard

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In the last two years President Assad has directed sweeping changes in the distribution of power among Syria's elite military units—especially those responsible for protecting his regime from internal threats—in an effort to prevent a recurrence of the power struggle that threatened to topple his regime in the spring of 1984.

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The Muslim Brotherhood of Syria: Possible Resurgence

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The involvement of Syrian Muslim Brotherhood members in antiregime activity this year marks a significant departure from the group's quiescence that followed its brutal suppression in 1982. President Assad, however, is unlikely to face a major challenge from the Brotherhood as long as he remains healthy enough to exert his authority.

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Musa al-Sadr: Lebanon's Hidden Imam?

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The disappearance of Musa al-Sadr, spiritual leader of the Lebanese Shia community, while on a visit to Libya in 1978 remains a cause celebre for his followers and an enigma to observers of Lebanese politics. Like the Shia Imams of medieval times, Sadr has vanished from the secular arena but remains a focus of Shia political passion.

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Iraq: Toning Down the President's Personality Cult

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Iraqi propagandists are revising the cult of personality they fostered to glorify President Saddam Husayn, as his reputation as a great war leader is no longer credible following Iraqi defeats at Al Faw and Mehran, but the propagandists will have to be careful not to lose the support of the lower classes, to whom the cult is meaningful.

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Iraq: Saddam's Family Troubles

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Iraq's President Saddam Husayn apparently is on the verge of putting some of his closest relatives on trial for corruption. He seems to have decided that the public mood has turned dangerously against his family, and, unless he acts, resentment is likely to rub off on him.

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Iran's Middle Class: Losers of the Revolution

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Members of Iran's middle classes have been the major losers since the Islamic revolution as the clerical regime has focused its attention and energies on its more important lower-class supporters. Though the middle classes pose little threat to the regime, they are slowly gaining influence and could become a moderating force.

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The Pakistan Muslim League: The Once and Future Ruling Party?

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The Pakistan Muslim League's rebirth last January signals the latest effort to build a cohesive government political party out of the original Muslim League that fostered the creation of Pakistan in 1947. Popular cynicism with politicians and the inability to fulfill its promises will make it difficult for the League to expand its appeal.

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India-Pakistan: Armor and Artillery Balance

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Neither India nor Pakistan has a clear edge in armor and artillery assets. Planned modernizations by both sides will only reinforce existing strengths in their respective tank and artillery inventories, resulting in increased casualties rather than decisive advantage in a future conflict.

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Afghanistan: Smuggling Across the Border

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The reexport trade in Afghanistan—which involves the import of luxury and manufactured goods that are then smuggled out, most often to Pakistan—is a time-honored custom for Afghans and, with the deterioration of Afghanistan's official trade, has become an increasingly important source of hard currency earnings for the Kabul regime.

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[Redacted]			

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Some articles are preliminary views of a subject or speculative, but the contents normally will be coordinated as appropriate with other offices within CIA. Occasionally an article will represent the views of a single analyst; these items will be designated as noncoordinated views.

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Near East and South Asia Review

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Articles

Prospects for Counterterrorism Cooperation Among Moderate Arab States

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Moderate Arab states are increasingly becoming victims of major terrorist attacks and threats by Middle Eastern radicals.¹ The active involvement of Jordan, Egypt, and now Morocco in the Arab-Israeli peace process has made them targets of radical Palestinians backed by Syria and Libya, while support for Iraq in its war with Iran has increased the exposure of the moderate Arab Gulf states to Iranian-inspired terrorism. The close affiliation of many of these states with the United States further exposes them to terrorist attacks.

Security Force to mold it into a more professional organization. The Force supports the Directorate of Military Intelligence in protecting Jordanian airports and airlines. In March the Force's bomb squad was to have acquired more sophisticated bomb detector and disposal equipment.

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The moderate states are responding to the threat primarily by upgrading their security and counterterrorist capabilities. Some Arab leaders, however, also are calling for regional cooperation to counter the threat. We believe the moderates have a good chance to utilize area and bilateral relationships in cooperating against terrorism, but traditional Arab rivalries will stymie comprehensive, regionwide cooperation.

- Late last year *Morocco* formed the paramilitary Atlas Commando unit, which is the unit most capable of responding quickly and effectively to a terrorist incident in Morocco.

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- Since late 1985, *Tunisia* has expanded its counterterrorist training to include more advanced courses in marksmanship, SWAT techniques, sky marshal operations, and the protection of dignitaries.
- Since the Egyptair hijacking last November and the Achille Lauro operation a month earlier, *Egypt* has sought outside assistance to correct counterterrorist deficiencies and is conducting more realistic exercises to improve the performance of the Group 777 commando force, the unit that botched the Egyptair rescue attempt in Malta.

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The Tactical Response to Terrorist Threat

The moderate Arab states have firmly denounced terrorism, enforced harsher internal security measures, and upgraded their intelligence and counterterrorist capabilities over the past year. Some states have been more active than others and better able to devote additional resources to improved security:

- We believe *Jordan* has the best counterterrorist capabilities among the moderates, and they are being strengthened to correct weaknesses. Last year King Hussein selected a new head of the Public

- *Saudi Arabia* apparently lacks a specifically designated counterterrorist commando unit, but some components throughout its large security network have received hostage rescue training. The Saudis plan to expand their teams of bomb disposal

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¹ This article focuses on Jordan, Egypt, Morocco, Tunisia, Saudi Arabia, and the smaller Gulf states of Kuwait, Qatar, United Arab Emirates, Bahrain, and Oman.

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experts to eight smaller cities throughout the kingdom over the next two years. It currently has contingents in Dhahran, Riyadh, Jiddah, Mecca, and Medina. [redacted]

Smaller Networks: A Workable Solution

Bilateral and area efforts at coordinating counterterrorist strategies have been successful and probably provide an avenue for further cooperation that is more realistic than broader efforts at the level of the Arab League. The Gulf Cooperation Council (GCC) is the best example of area security cooperation.² Its members share common interests and, probably more important, characteristics that make them vulnerable terrorist targets. Most have Shia populations that could be exploited by Iran, as well as large numbers of expatriate workers that could pose an internal security threat. [redacted]

For other Arab states, most of which lack the homogeneity that has motivated the Gulf moderates to work together, counterterrorism cooperation is likely to expand through bilateral relationships, [redacted]

² The GCC, formed in May 1981, is composed of Saudi Arabia, Kuwait, United Arab Emirates, Bahrain, Qatar, and Oman. [redacted]



Such counterterrorism cooperation does not always succeed. [redacted] Tunisian intelligence and security services have not always been responsive participants in exchanges of counterterrorism information among the moderate states, probably because of parochialism and, possibly, limited competence. Tunisia may be more receptive to bilateral cooperation in the future, particularly with Morocco in view of rising mutual concerns over Libyan-sponsored terrorism. [redacted]

**Regional and International Cooperation:
Less Likely Vehicle**

Despite our optimism over tactical counterterrorist improvements, we believe the moderates will continue to be slow in developing a broad regional strategy for countering terrorism. Most probably would admit that the problem could greatly benefit from more cooperation. Few, however, would be willing to tackle such a complex problem in light of traditional political rivalries and distrust of each other's motives. More pressing regional issues for the moderates, such as the Iran-Iraq war and the Arab-Israeli peace process, and domestic problems also will divert attention from counterterrorism. [redacted]

The Arab League is the only existing forum for broad-based Arab participation in counterterrorism, but it is unlikely to make much progress toward cooperation. King Hassan of Morocco succeeded in obtaining a general condemnation of terrorism at the extraordinary Arab League summit meeting in Casablanca in August 1985. In a well-publicized address to the Council of Arab Interior Ministers in Casablanca in February 1986, the King called for a better regional exchange of information on counterterrorism. [redacted]

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In May, the Dutch Foreign Minister, acting in his role as President of the European Community, met Arab League Secretary General Chedli Klibi in Tunis to discuss bilateral issues, including terrorism. [REDACTED]

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[REDACTED] We believe broad Arab agreement on antiterrorist cooperation with the West is blocked partly by the Arab dilemma of how to define terrorism without delegitimizing the Palestinian "armed struggle" against Israel. The involvement of some Arab states in terrorism against other Arab states further hampers the success of a broad regional strategy. [REDACTED]

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Last January Egyptian President Mubarak called for an international conference under UN auspices to conclude a "comprehensive counterterrorism agreement." The US Embassy in Cairo noted at the time that Mubarak was proposing a working group of some 15 states and had contacted Italy and Austria. The initiative appears to have lost momentum, probably because of Egypt's preoccupation with more pressing domestic economic problems, efforts to resume the peace process, and a lull in terrorism directed at Egypt. Egypt almost certainly will continue bilateral security contacts with selected Western and Arab states, however, partly in the hope of eventually implementing the initiative. [REDACTED]

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Outlook

Over the next year, moderate Arab states will continue to be targets of terrorist pressure from Syria, Libya, Iran, and Palestinian groups. More active efforts on the part of the moderates to resolve Arab-Israeli issues as well as greater support for Iraq in its war with Iran would significantly boost the risk of terrorist reprisals. [REDACTED]

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We doubt that most moderates will have sufficient resources to completely protect their diplomats and economic interests abroad. The moderate Arabs are likely to have more success at home in protecting against terrorist attacks, given their incentive and increasing efforts to improve their overall counterterrorist capabilities. [REDACTED]

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Saudi Arabia–Jordan: A Measured Friendship

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Saudi Arabia's close relationship with Jordan remains measured despite common foreign policy goals, extensive economic ties, and intertwined security interests. Two meetings in the past six months between Saudi Arabia's King Fahd and Jordan's King Hussein have failed to make progress toward resolving differences. []

the luxury of committing only limited military resources to defend its northwestern border. Moreover, the Saudis regard Hussein's moderate, well-armed, and stable regime as vital to their own security, according to US Embassy reporting. []

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Riyadh acknowledges the importance of a stable and moderate regime in Amman, but it fears that closer ties to Jordan would antagonize Arab radicals and shatter the fragile Arab consensus the Saudis have sought to build on key issues in the region. Given the Saudi desire to avoid confrontations with Arab militants, strains in Saudi-Jordanian relations are inevitable. Periodic irritants are likely to be short lived, however, because both sides recognize the mutually beneficial nature of their relationship. []

The two countries are staunch supporters of Iraq in its war with Iran, support moderate elements in the PLO, and are committed to a peaceful resolution of the Arab-Israeli dispute. Amman and Riyadh both have attempted to act as regional counterweights to the hardline radicalism of Syria and have tried to wean Damascus away from Iran. []

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Divergent Views

Several irritants, however, inhibit improvement in bilateral relations:

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Historical Legacy

Saudi Arabia's relations with Jordan have traditionally been characterized by suspicion and distrust as a result of longstanding historical, cultural, and economic differences. The post-World War I dynastic rivalry between the Al Sa'ud and the Hashemites remains a faded, but not forgotten, memory that lingers in the background of Saudi-Jordanian relations, according to US Embassy officials. Cultural differences have served to breed mistrust. The Saudis believe they are seen as unsophisticated bedouin, while the Jordanians complain the Saudis view them as outsiders. Amman's economic dependence on Saudi Arabia—Riyadh provides substantial financial aid and oil and is Jordan's third-largest trading partner—is an additional source of friction between the two countries. []

- Saudi unwillingness to hold an Arab League summit meeting despite Jordan's desire for one. The Saudis fear that a summit meeting might prove contentious and highlight Arab divisions rather than promote unity. Moreover, although supportive of Jordan's reestablishment of ties to Egypt, Riyadh refuses to take the lead in advocating Egypt's readmission to the Arab League.

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- Amman's efforts to establish a military assistance relationship with the Gulf states. No matter how well intentioned, the US Embassy reports the Saudis take a dim view of Jordanian involvement. They see any outside assistance as unwanted interference, believing Persian Gulf security is a Gulf Cooperation Council job in which Riyadh has the paramount role.

- Saudi refusal to play a more active role in the Arab-Israeli peace process. Unlike Jordan, Riyadh does not consider itself a confrontational state and generally assumes a low profile. More important, the Saudis are reluctant to test the limits of Arab consensus and seek to preserve a facade of Arab unity. []

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Common Interests

Despite cool relations, the Saudis share common security interests and foreign policy goals with the Jordanians. Jordan serves as a strategic buffer between Saudi Arabia and Israel, allowing Riyadh

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Roots of the Al Sa'ud-Hashemite Rivalry

For centuries the Hashemite family enjoyed a special status as guardian of Islam's holy places. By virtue of being a descendant of the Prophet Muhammad, a Hashemite ruled as Emir of Mecca from 1073. In addition, the Hashemites traditionally controlled all of Hijaz—the Red Sea coastal region centering on the holy cities of Mecca and Medina. [redacted]

Following the outbreak of hostilities between the Ottoman and British empires in World War I, Hussein bin Ali, a Hashemite who had been installed as Emir of Mecca by the Ottomans, allied himself with the British. At the same time London tried to enlist the support of Abd al-Aziz, the Emir of Riyadh, in the Arab revolt. Refusing to subordinate himself to Hussein, Abd al-Aziz conducted limited unilateral operations against the Turks and their Arab allies in north-central Arabia. With the help of T. E. Lawrence in 1916, Hussein's forces ousted the Turks from Hijaz and later assisted in the capture of Jerusalem and Damascus. [redacted]

After the war, the British and French established Hussein's sons—Abdallah and Faisal—as kings of Transjordan and Iraq. Meanwhile, Abd al-Aziz mobilized the tribes of central Arabia and in the mid-1920s captured Mecca and Medina, ousting the Hashemites. In January 1926, Abd al-Aziz was proclaimed King of Hijaz. The Treaty of Jiddah, negotiated with the British in 1927, acknowledged his authority from the Persian Gulf to the Red Sea and set limits on further Saudi expansion. In 1932, after a period of consolidation, Abd al-Aziz proclaimed the Kingdom of Saudi Arabia. [redacted]

Personality differences and the leadership styles of King Fahd and King Hussein further aggravate problems in the relationship. According to the US Embassy, Fahd is unemotional and a cautious conservative, while Hussein is mercurial and a peace-process activist. Fahd received a limited court education, is more insular, and has played a role on the world stage, first as Crown Prince and later as

King, only since 1975. Hussein is British-educated, worldly, and has occupied his throne for over 30 years.

Shoring Up Hussein

Despite their differences, Saudi Arabia for at least the past 15 years has sought to assist Jordan and protect its own critical interests by providing economic aid, financing for military purchases, and diplomatic assistance. Last year Jordan imported over 13 thousand barrels a day of Saudi oil through the Trans-Arabian Pipeline at a cost of \$366 million. Although there is conflicting reporting, it appears the Saudis will provide Amman with a \$182-197 million grant to cover oil imports for the last half of 1986. Saudi Arabia was the only state, according to Embassy reporting, to make all of its Baghdad payments—\$357 million—to Jordan in 1985. In addition, Riyadh gave another \$300 million in bilateral assistance last year. [redacted]

Washington's failure to authorize an arms package for Jordan earlier this year has forced Amman to look elsewhere to replace its aging F-5 fighters. US officials report the Jordanians will look to the Europeans for replacement aircraft, but Saudi financing will be the key to any deal because Jordan cannot finance the purchase itself. Even though the Jordanian Air Force prefers the Mirage 2000, the Saudis are likely to have a large voice in the decision. Embassy officials believe that if the Saudis consider it to their advantage for Amman to purchase Tornados as Riyadh has done, Jordan will have no choice but to comply. [redacted]

Financing for Jordan's military needs was a key topic of discussion during both of Hussein's trips to Riyadh this year, according to Embassy reports. Although Fahd was sympathetic and supportive of Amman's need for modern arms, recent [redacted]

[redacted] with no specific commitment for financing Jordan's aircraft needs. [redacted]

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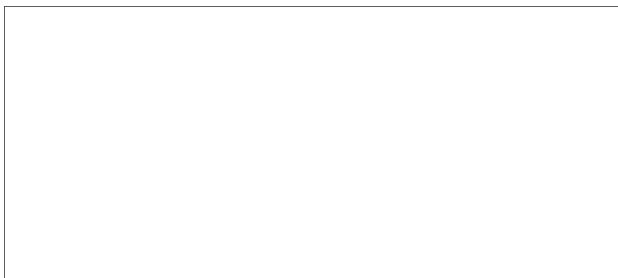
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The Tapline

The 1,250-kilometer Trans-Arabian Pipeline (Tapline), completed in 1950 at the cost of \$193 million, served for 25 years as a primary export route for Saudi oil exports. It was one of the first large-diameter, long-distance pipelines with a nominal capacity of 500,000 barrels per day and linked the Persian Gulf oilfields to the Lebanese port of Sidon. Use of the line as a major export route ended in the mid-1970s when transportation economics began to favor supertankers operating from the Persian Gulf. The pipeline continued to function at a greatly reduced level after 1975, but the combined effects of Israel's invasion of Lebanon and mounting financial losses led Tapline officials to suspend Mediterranean export operations in 1982. The Lebanese and Syrian portions of the line were abandoned a year later. Jordan continued to rely on the Tapline to supply crude oil feedstock to its Zaraq refinery, and in 1984 Amman assumed responsibility for maintenance of the pipeline. [redacted]

Over the past five years, Tapline has been allowed to slowly deteriorate—the line west of Amman has been dismantled, Lebanese export facilities severely damaged, and equipment cannibalized. The maximum capacity has been reduced to less than 80,000 barrels per day, according to US Embassy reporting. To cut operating expenses—\$28 million in 1985—Tapline officials reduced the size of its work force to less than 100 early this year. [redacted]



The Saudis have tried to bolster Hussein's position through diplomatic means, in addition to financial support. Embassy reporting indicates that the Saudis encouraged PLO leader Arafat to work with Hussein. Fahd signaled his displeasure with Arafat's failure to cooperate with Hussein by refusing on several occasions to meet with the PLO chief. In addition, the Saudis helped fend off radical Arab attacks on Jordan at last year's emergency Arab summit meeting in Casablanca. [redacted]

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Outlook

We believe Saudi Arabia, which views Jordanian stability as vital to its own security, will continue to provide substantial economic and diplomatic support to Amman. The Saudis are unlikely to reduce their Baghdad payments to Jordan in the near term and probably will continue to provide large-scale financial aid after its obligation expires in 1988. Nevertheless, we judge the Saudis are hesitant to commit themselves to a significant increase in aid to Jordan—including the funding of fighter aircraft—until oil revenues recover substantially, an unlikely prospect in the next several years. [redacted]

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Mutual suspicions, perceived aloofness, and disagreements between the Saudis and Jordanians are inherent in the relationship and are likely to cause periodic disagreements between the two neighbors. Amman's efforts to obtain Saudi financing for future arms purchases will be especially frustrating for both parties. The factors that divide the two Arab moderates, however, are likely to be overshadowed by common regional concerns and a shared perception of threats to their security, forcing them to work together. [redacted]

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Algeria: Coping With the Energy Price Slump [REDACTED]

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Algeria is facing its most serious financial crisis since independence because of prolonged soft world energy prices. We estimate Algeria will lose some \$6 billion in crude oil, condensate, products, and natural gas earnings this year. Algiers has taken steps to rein in government spending to offset these losses, and we believe additional measures are in the offing. The country is also making a concerted effort to boost earnings by pushing aggressively within OPEC to bolster oil prices while adopting a more accommodating posture in negotiations with its major gas customers to preserve its market share. Current financial problems come at a time when President Bendjedid has focused on the economy as a means for moving away from the Soviet social and economic model. Although he has so far been able to sell austerity to the public, he may run into serious problems with his opponents if they decide to use the economy as a pretext to move against him. [REDACTED]

The Current Scene

Hydrocarbons are the mainstay of the Algerian economy, accounting for 98 percent of export receipts, nearly 50 percent of government revenues, and 25 percent of GDP. Algeria has been switching gradually since the early 1980s from mostly crude oil sales to sales of a combination of petroleum products. This expanded export base allowed Algiers to escape the full impact of falling crude prices until the past year. The collapse in refined product prices as well as difficulties in moving Algerian gas have brought the problem of export dependency to Algeria's front door. [REDACTED]

- Real incomes are plummeting. GDP per capita is still nominally among the highest in Africa at \$2,500, but wage increases have not kept pace with inflation, which is running at about 14 percent—double the 1985 level.
- Unemployment has hit a record 25 percent in many areas, and unemployment and underemployment together may exceed 30 percent.

- Joblessness is contributing to growing delinquency and crime among Algerian youth. Some 65 percent of the populace is under 25, and the population is growing at a rate of about 3 percent annually.

- Financial constraints are making foreign aid for liberation groups—including the Polisario—more burdensome. [REDACTED]

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Government Actions

The Bendjedid government has announced a variety of measures to slow down the deterioration in the country's financial position. As a result, Algiers has revised the national budget, cutting overall government operating expenses by 11 percent and development expenditure by 26 percent, according to Embassy reporting. [REDACTED]

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[REDACTED] the government projects these reductions will slash imports by some \$2 billion by the end of the year. Algiers, in addition, has suspended the government-subsidized C.O.D. postal system, halved tourist overseas travel allocations, and reduced annual allowances for pilgrimages to Mecca to save scarce foreign exchange. [REDACTED]

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Algiers has also attempted to reduce the cost of foreign services, which consumed as much as a third of total imports last year, the latest period for which data are available. According to the US Embassy, Algiers is reducing the number of foreign technicians in country by restricting access to work and residence permits. The Italian expatriate community, for example, has dwindled to 700 from 2,000 only 18 months ago. Technical assistance contracts are also being canceled—including construction and possibly some maintenance programs for gas liquefaction plants. These measures could save Algiers an estimated \$600-700 million. [REDACTED]

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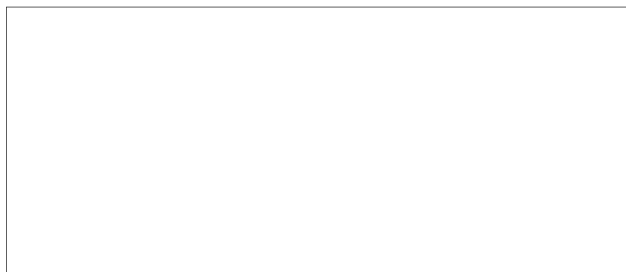
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present earnings trends continue. Algeria's debt-service ratio was less than 40 percent just two years ago. Such a high debt-service burden is prompting a more careful monitoring of principal and interest repayments by Algeria's creditors. In addition, the country's favorable international credit rating—long a source of national pride—is being eroded.

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The Bendjedid government, in addition, has resorted to rapidly drawing down reserves while pushing for higher levels of foreign assistance. By the end of July, foreign exchange reserves had fallen from roughly \$3 billion at the beginning of the year to about \$1.9 billion—the lowest level in nearly two years. New foreign aid has yet to materialize.

Domestic Reactions

The public response to austerity measures so far has been muted. Embassy reporting indicates the government has mounted an impressive nationwide public relations campaign to mobilize popular support to “counter the adverse effects of the present international economic situation.” Through media blitzes and regional meetings and conferences, the government is urging the people to cut down on imports and eliminate resource waste. Embassy sources report Algeria's theme is “self-reliance” in fighting the “economic war that will be almost as difficult to win as the war for independence.”

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Algeria's efforts to cushion the impact of falling hydrocarbons earnings, however, have not come without cost, according to Embassy reporting. Import cuts have resulted in spot shortages of consumer goods such as coffee, canned tomato products, and pepper. Spare parts shortages are also beginning to affect industrial and agricultural production. State farms are being hit especially hard. Parts shortages are immobilizing heavy machinery, causing planting and harvesting delays. The problem is compounded by the elimination of part of the C.O.D. postal service through which many replacement parts were previously ordered. Budget cuts are also slicing into the provision of social services such as education and housing. Cuts in the country's development program—Embassy reporting indicates only agriculture and import substitution industries are being spared—are increasing pressures on the country's already burgeoning unemployment rate.

Although President Bendjedid has so far averted a popular backlash from the economic crisis, he is encountering problems within his government. The President is in the midst of trying to turn Algeria from what he sees as a cumbersome and inefficient Soviet-style economy toward a Western-oriented system that relies heavily on private enterprise. Bendjedid has had to spend considerable time defending this program—particularly during the recent FLN Central Committee meeting—and trying to convince his detractors that his economic liberalization is not responsible for the country's current financial woes.

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There are already indications that Bendjedid has been forced to allow the hardliners a greater say in foreign policy matters in exchange for their tacit support of his economic agenda. For example, Algeria has recently engaged in foreign policy activities that are contrary to its professed refusal to condone international terrorism and its willingness to act as a bridge between radical and moderate Arab governments. Particularly noteworthy examples are

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The prolonged decline in foreign exchange earnings has had a dramatic impact on Algeria's international debt position. We believe Algerian debt exceeds \$21 billion, and the country's debt-service ratio could hit a whopping 80 percent by the end of 1986 if

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the rapprochement with Libya, closer ties to radical Palestinians, renewed activity within the "Steadfastness Front,"¹ and Algeria's aggressive posture within OPEC. [redacted]

Cuts—albeit small—in the military procurement budget are also hurting Bendjedid's standing with the military. Rumors abound in Algiers that Bendjedid's budget cuts are responsible for stalling Soviet-Algerian arms talks. The military is worried that Algeria's financial stringencies will prevent it from purchasing MIG-29s before Morocco buys either US F-16s or French Mirage 2000s to use against Algeria in the 10-year struggle for control of Western Sahara. [redacted]

Prospects

Algeria's economic outlook for the remainder of 1986 is bleak. Without an improvement in prices for oil and gas, Algiers could incur a current account deficit of as much as \$7 billion. Indeed, Algeria's losses could be even greater should OPEC's new production accord collapse or gas negotiations under way with major European customers not end in Algeria's favor.² [redacted]

A deficit of this magnitude will require further adjustments. Even if Algeria fully implements austerity measures already in place, the remaining shortfall far exceeds available reserves of \$1.9 billion. We believe Algiers will try to reduce government spending still more to meet financial needs. Slashing imports, consumer subsidies, and development expenditures, however, are not a viable solution, because the government cannot make deep enough cuts without jeopardizing the modern economy. Moreover, deep cuts risk a political backlash from influential groups—such as urban workers and the military—hit hard by the inevitable rise in prices and unemployment. [redacted]

¹ Radical members of the Arab League—Algeria, Libya, South Yemen, and Syria—formed an informal bond called the "Steadfastness Front" after the 1973 Arab-Israeli war. [redacted]

Algeria: Current Account Analysis Billion US \$

	1985	1986 Worst Case Scenario No. 1 ^a	1986 Best Case Scenario No. 2 ^b
Current account balance	-1.2	-7.1	-3.3
Trade balance	3.6	-2.3	0.7
Exports	12.6	6.7	6.7
Crude oil	6.3	3.1	3.1
Condensates	3.0	1.5	1.5
Refined products	0.4	0.2	0.2
Natural gas	2.6	1.6	1.6
France	1.0	0.6	0.6
Italy	1.1	0.6	0.6
Belgium	0.3	0.2	0.2
Spain	0.2	0.2	0.2
Other	0.3	0.3	0.3
Imports	9.0	9.0	6.0
Foodstuffs	1.7	1.7	1.3
Consumer goods	0.5	0.5	0.3
Industrial goods	6.8	6.8	4.4
Net services	-4.7	-4.7	-4.0
Grants	-0.1	-0.1	-0.1

^a Assume average crude oil price for 1986 is \$15/per barrel; condensates' price is \$13.42/per barrel; refined products' price is \$15.6/per barrel; second-quarter gas prices are average for the year (gas contract renegotiations are inconclusive); production and consumption of all hydrocarbons equals 1985 levels; and no austerity measures are implemented.

^b Assume all conditions in scenario 1 hold for first six months of the year. Assume these same parameters remain constant during the latter half of 1986 except each European gas price equals the French rate of \$2.36 per million Btu (the result of successful gas contract renegotiations) and austerity measures slash imports, services, and foreign aid. [redacted]

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International bankers believe Algiers will supplement moderate new spending cuts by attempting to borrow another \$900 million this year. Finding underwriters, however, could be difficult. Recent loan syndications suggest that US and European bankers probably will not participate. Japanese enthusiasm may also wane as Algeria's economic problems deepen. Bankers expect rising debt pressures will force the Bendjedid government to reschedule some of its debt by next year. Contrary to previous policy, we believe Algeria in the interim may seek oil and gas barter deals, particularly in exchange for needed food and other essential imports and possibly arms. Algiers may even go so far as to try to convince Libya to resume support to the Polisario so that Algeria can reduce its financial obligations there. []

Political Realities

Algiers probably will be able to maintain public order despite the hardships the new austerity programs are likely to produce. The government has a large and efficient security force, and it has not hesitated to move quickly to suppress dissent. To be sure, expectations among the predominantly youthful population are rising. Younger Algerians probably will not be so ready to accept the scarcities that have been a hallmark of the government's emphasis on investment over consumption since independence. There has been an increasing number of demonstrations and riots in recent years attributable to social and economic grievances, and more are likely. Islamic fundamentalists, who are disparate and disorganized, will attempt to take advantage of the disgruntlement. []

Any further disturbances would weaken President Bendjedid. Leftist ideologues would attempt to use domestic problems to change government policy, in particular Bendjedid's economic liberalization program and outreach to Western countries. This leftist threat would only become serious if the ideologues win the support of a large group of military officers. Although we do not expect Bendjedid to be toppled from power, we believe he could be forced to step back from some aspects of his austerity program and many of his progressive goals. []

Bendjedid will almost certainly continue his search for aid from the West to help quell budding opposition. We believe Algiers will try to use its still solid international credit rating to secure more commercial funds from Western and Arab banking sources. We doubt Algiers will attempt to obtain a large portfolio of official loans, however, since many government leaders probably will not want to become overly dependent on foreign governments. In our view, Bendjedid will continue to seek military hardware from both the Soviet Union and Western suppliers as a bargaining tool to obtain favorable prices and credit terms. We do not believe, however, that he would make political concessions to either Moscow or the West, to obtain them. []

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Israel: A Reexamination of Israeli Arab Radicalization

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Scholarly studies in the past decade have emphasized the growing self-identification of Israeli Arabs as Palestinians, implying their political radicalization. Professors at Haifa University, however, have concluded from years of research based on public opinion polls that, despite their self-labeling as Palestinians, Israeli Arabs are becoming more "Israeli" in their attitudes and behavior. According to this thesis, most Israeli Arabs identify with Israel and share the basic goals and ideals of their Jewish neighbors. Most support an independent Palestinian state in the West Bank and Gaza, but few would consider moving there. The Haifa school's conclusions, if true, augur well for the political coexistence of the Jewish and Arab communities within Israel's 1967 borders.

The "Israelization" of Israeli Arabs

According to the US Embassy's summary of the Haifa school's conclusions, Israeli Arabs have acquired pronounced Israeli cultural affinities. Their attitude toward a Palestinian state is a key indicator. Although they overwhelmingly favor the creation of a Palestinian state in the West Bank and Gaza, only 8 percent say they would move there. Another 18 percent would consider such a move. Moreover, very few want to see the destruction of the state of Israel. According to the US Embassy, the rejectionists are losing numerical strength but are becoming increasingly vocal, thus perpetuating the perception among the Jewish majority of growing radicalization in the Arab community.

The Haifa school also denies the conventional wisdom that contacts between Arabs in pre-1967 Israel and the occupied territories are strong and growing. The conventional wisdom argues that the Arabs in the occupied territories exercise a radicalizing influence on the Israeli Arab population. Prof. Sammy Smoocha of Haifa University asserts that, despite the ideological and national affinity of Israeli and West Bank and Gaza Arabs, there are few commercial links, marital ties, or other daily contacts. Even in

Arab villages that had been divided by the pre-1967 border, no extensive system of contacts has developed. Israeli Arabs now have many more ties to Jews and Israel than they have with the West Bank.

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The Haifa school also stresses the Israelization of the Arab community in its social orientation. The majority of Israeli Arabs are fluent in both Arabic and Hebrew. They thus are exposed to both Hebrew and Arabic media. The best selling newspaper in the Arab community is the Hebrew daily *Yediot Aharanot*, which follows a generally conservative, pro-Likud editorial line.

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In other social indicators, the Israeli Arab community also is closing the gap with its Jewish neighbors. The number of Arab high school and university graduates has risen dramatically in the last 10 years. As a direct result, more young Arabs aspire to white-collar jobs. Only in the status of women does the Arab community lag far behind the mainstream, with many women still at home and separated from outside society. In urban areas, however, even the Arab women's lifestyle is becoming more Israeli in that they are more educated and integrated into the work force.

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Another significant indicator, according to Smoocha, is the tendency of the "typical" Israeli Arab to compare himself with his Israeli Jewish counterparts when he evaluates himself and his achievements. He does not want to be compared with the Arabs of the West Bank or other Arab states. When he looks for solutions to his problems, he looks for them within the framework of Israel within its pre-1967 borders.

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Israeli Arab Voting Trends

The Haifa school's findings seem to be supported by the Israeli Arab voting record—with nearly half backing mainstream "Zionist" parties in the 1984 national election. Israeli election records do not report

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Views of an Israeli Arab Intellectual

Attallah Najar, a 34-year-old Israeli citizen, is a senior reporter for Al-Fajr (a pro-PLO paper published in East Jerusalem). Attallah was born in the village of Arrabeh in the Galilee. He is a declared

Communist and a graduate of Hebrew University with a degree in chemistry. His views were solicited by Amoz Oz, a leading Israeli author in his book In the Land of Israel:

Oz: If one day a Palestinian state were established, peacefully coexisting with Israel . . . would you decide to leave your diaspora in Israel and emigrate to the Palestinian homeland?

Najar: No way. I'm an Israeli. It's a matter of a sense of identity. Even though I am discriminated against in Israel, a third-class citizen, I consider myself absolutely Israeli, and I will remain Israeli.

Oz: What does your sense of Israeli identity stem from?

Najar: Education, experience, friendships with Jews. From my soul. From my attachment to the Israeli lifestyle. Listen to a story. In 1967, during the war, I was a kid of 15. Our entire village was glued to the radio, to the Voice of Damascus . . . and heard that the Syrians had entered here, entered, "cleaned out" the entire Galilee, and all those bloody lies of theirs, and I heard all this and began to cry. I didn't want to tell my parents that I was crying because I thought the Syrians were murdering all my friends, all the Jews, all of our acquaintances.

Oz: Attallah, after the massacre in Beirut, the only city in the world where there were hundreds of thousands of protesters demonstrating was Tel Aviv. Not in Cairo or Damascus, not even in Beirut itself. How do you explain that?

Najar: I wasn't surprised. I was even a little proud. As an Israeli, I always prefer to be on the side of the underdog. After all, we Israelis see ourselves as the Chosen People, don't we? And then, when there were all kinds of statements by soldiers and officers against the invasion of Lebanon, and the demonstrations and the public outcry, and the tear gas near Begin's residence, and the Commission of Inquiry, I felt—in spite of my bitterness—that I was part of that society. I'm an Israeli for better or for worse.



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the Arab vote separately, but estimates for the 1984 election give the Rakah Communist Party and the leftist Progressive List for Peace (PLP) about half the Arab vote and Labor and the small left-of-center parties (Shinui, Yahad, and Citizen's Rights) the other half. []

Smoocha argues that there is no contradiction between the significant support in the Arab community for Rakah and the PLP and the growing acceptance by Israeli Arabs of the existence of the state of Israel. Both Rakah and the PLP accept the existence of the state and are committed to working within the system. Even the extreme nationalist "Sons of the Village" group, which has been outlawed in Israel because of its rejectionist stance, has factions that are moving toward some form of accommodation with Israeli society, according to Smoocha. []

Implications

The stereotypical view that Israeli Arabs are increasingly radicalized opponents of Israel suggests negative long-term consequences by alleging a deintegration of Israeli Arabs from Israeli society and politics. The Haifa school's findings, on the other hand, augur well for the continued integration and peaceful coexistence of the Jewish and Arab communities in Israel. []

The Haifa thesis asserts an increasing tendency among Israeli Arabs to reconcile themselves to the continued existence of the state of Israel and to their minority status within it. The Haifa revisionists posit that "radical" Israeli Arab political behavior, such as voting for Rakah and PLP, are reflections not of disloyalty, but rather of a desire for equal treatment. []

Ironically, the Israelization of the Israeli Arabs appears to have increased their expectations, and they increasingly consider the benefits provided by the state as basic, deserved rights. Prime Minister Peres's special adviser for Arab affairs told US diplomats in Tel Aviv last year that the potential for radicalization of Israeli Arabs hinges on "local" bread-and-butter issues. They seek the same level of government budgetary support for Arab villages that Jewish towns

get and want access to personal benefits such as low-interest mortgages, which the government provides to Army veterans, who are predominantly Jewish. []

During his term in office, Peres's Arab advisers have tried to channel more benefits to the Arab community. In a particularly symbolic move this past summer, the government returned farm lands that had been expropriated for use as a military training area to three villages in the Galilee. []

The policies of the National Unity government toward Israeli Arabs are unlikely to change much after Peres and Shamir switch portfolios in October. Labor will continue to promote more benefits for the Arab community. Likud has been more inclined to treat Israeli Arabs with benign neglect. []

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Syria's Elite Military Units: The Changing of the Guard []

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In the last two years President Hafiz al-Assad has directed sweeping changes in the distribution of power among Syria's elite military units—especially those responsible for protecting his regime from internal threats—in an effort to prevent a recurrence of the power struggle that threatened to topple his regime in the spring of 1984. Among his most dramatic moves were to reduce the size of his brother Rif'at's powerful Defense Companies to that of a regular Syrian armored division, remove his brother from the country, and reassign the crucial job of protecting his regime to the much smaller Republican Guards. Assad also moved swiftly to balance the power blocs behind other Alawite leaders and began to draw up plans for a third Army corps that would be responsible solely for protecting him and his office from internal threats. Assad's deft handling of the crisis repudiated the rumors—which were at the root of the power struggle—that his heart attack in November 1983 had seriously and perhaps permanently incapacitated him. []

Despite the President's restructuring of his praetorian guard, the key issues that sparked the 1984 crisis remain unresolved. The same senior Alawi officers who blocked Rif'at's premature efforts to take over the presidency still bitterly oppose him and any suggestion that he might soon return from what is apparently a self-imposed exile in Europe. Assad evidently has not resolved the question of who will succeed him as president—perhaps intentionally as part of his scheme to maintain equilibrium among potential contenders. A renewed power struggle—possibly but not necessarily more violent than the last—between Syrian military leaders is likely, therefore, particularly if Rif'at returns to Syria and reasserts his claim to the presidency. []

Rif'at's Controversial Defense Companies

Shortly after overthrowing his predecessor and fellow Alawite, Salih Jadid, in November 1970, President Assad placed his brother Rif'at in charge of an elite armored unit assigned to protect key government and military installations in the Damascus area. In

succeeding years this force—usually among the first to receive newly arrived Soviet weapon systems—assumed the character of Rif'at's private army. Equipped with the newest armored vehicles in Syria and its own intelligence, commando, and air defense units, [] at the time of the 1984 crisis, Rif'at's Defense Companies numbered nearly 50,000 troops—more than triple the size of a regular Syrian armored division. []

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Rif'at's personal style combined with the disproportionate strength and preferential status of his Defense Companies quickly antagonized other senior Alawite leaders. His flamboyant displays of wealth and reputation for brutality and corruption sharply contrasted with the President's moderate behavior and professed Ba'thist ideals. []

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[] Rif'at's extreme behavior angered his Alawite contemporaries. His soldiers, writes an academic specialist on Syrian internal politics, "were detested because their highhanded, thuggish conduct, which included kidnaping, beating, and extortion, went unpunished." []

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Rif'at's prolonged absence from Syria has not diminished rival Alawite officers' concerns. Many Alawites have long feared that Rif'at's dissolute and often ruthless behavior would inflame Sunni antipathy toward all Alawites and threaten control of the government by the Alawite minority. Senior Alawite officers, moreover, believe that Rif'at's return and resumption of power in Syria would threaten their own jobs and privileges. Some also believe his procapitalist and pro-Western views threaten Syria's political future. []

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The Republican Guards

The Republican Guards, formerly known as the Presidential Guard, were formed soon after Hafiz al-Assad came to power. A small group of Alawite soldiers in the Air Force were selected for the Guards

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because of their loyalty to the President, []
[] The elite group numbered about 1,000 men and its duties, until just after the 1984 power struggle, were limited to providing personal protection to the President, his palace and offices, and visiting dignitaries. []

[] Rif'at resented the Republican Guards from their inception and believed that his Defense Companies should have sole responsibility for protecting the President. []

Brig. Gen. Adnan Makhluaf, the President's brother-in-law, has commanded the Republican Guards since 1970 and, [] is one of the President's closest and most trusted security advisers. Unlike other senior Alawi officers, Makhluaf has not appeared inclined to use his expanding power base for personal profit or to maneuver himself into an influential position in a post-Assad regime. []

Spring 1984 Crisis

President Assad's heart attack in November 1983 and his subsequent frail health set off the power struggle in the spring of 1984. Rif'at moved his tank forces to cordon off some of the roads leading into Damascus and deployed the SA-8 surface-to-air missiles under his control to the top of Jabal Qasiyun, a hill overlooking Damascus. Rif'at's intentions remain unclear. [] he overestimated the seriousness of his brother's medical condition and intended to seize control of the government. His chief opponents—notably Special Forces commander Ali Haydar, Third Division commander Shafiq Fayyad, and Adnan Makhluaf—clearly feared that Rif'at aimed to topple the government and immediately moved their forces to block him. []

The President's hasty intervention to arrange a compromise belied the rumors that he was near death and losing his grip on the government. He evidently feared that his appointment of Rif'at as Vice President for Security Affairs would not be enough to defuse the crisis, so he sent Rif'at and his main adversaries, Haydar and Fayyad, out of the country into what he probably viewed as temporary exile. Although Haydar and Fayyad returned in a short

time, Rif'at, after a brief return, left again and has refused to return permanently until the President appoints him to a powerful position or until he manages to reestablish his own power base in Syria. []

Forming a New Praetorian Guard

The crisis was sufficient warning to Assad that Rif'at's Defense Companies—manned by troops more loyal to his rash brother than to the preservation of the regime—were dangerous and had to be disbanded. He resolved to create a new praetorian guard out of Makhluaf's small, but trustworthy, presidential guard force. As soon as Rif'at left Syria and order was restored to the streets of Damascus, []

[]—and sent it north to protect the Hims SA-5 site. Perhaps the most punishing blow to Rif'at, however, was the transfer of the Defense Companies' perquisite for the newest, most advanced military equipment to his longtime rival Adnan Makhluaf's force. In only a few months, Assad reduced Rif'at's imposing Defense Companies to the size of a regular Syrian armored division, seriously eroding his brother's key power base. []

After dispatching his quarrelsome brother to Europe, the President assigned a high priority to expansion of the Republican Guards into a credible replacement for the Defense Companies and promoted Rif'at's archrival to brigadier general. In less than two years, [] the Republican Guards' personnel strength jumped from 1,000 to almost 9,000. In 1985 they were the first Syrian unit to receive recently delivered late-model T-72 M1981/3 tanks—which had never previously been observed with non-Soviet forces. Later that year, during contract negotiations to upgrade their communications gear, the Republican Guards were exempt from a presidential directive that temporarily canceled or delayed all military procurement because of Syria's financial difficulties. []

[] also has noted expansion and increased activity at the

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Republican Guards camp near Dummar, just west of Damascus, and a probable Republican Guards facility near Artuz, about 14 kilometers southwest of the capital. [redacted] the President's 27-year-old son Basil's assignment to the Republican Guards in early 1986 is further proof of the importance Assad attaches to this unit. [redacted]

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The internal crisis apparently also persuaded Assad to form a third Army corps that would be based in Damascus and be responsible for protecting the Assad regime. His creation of the new 14th Special Forces Division in the summer of 1984—part of his resolution of the power struggle—suggests that, even then, he was thinking of developing a third corps. He assigned Rif'at's detached commando regiments and a regiment from the regular Special Forces Command to the new division and deployed it on the Lebanese border near the Beirut-Damascus highway. [redacted]

Many of Rif'at's most outspoken opponents are Assad's closest advisers, and the President cannot risk alienating them by giving his brother real power in the government. Rif'at's avowed enemies, such as Air Force Intelligence Chief Muhammad Khuli and Military Intelligence Chief Ali Duba, head most of the security services that Rif'at wants to dominate. Key Syrian military commanders also still strongly oppose Rif'at's return. [redacted]

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supporters of Ali Haydar were so hostile to President Assad's suggestion that Rif'at return to Syria that he retracted it immediately. The vanguard opposing Rif'at also includes Syria's highest ranking Sunni leaders, Vice President for Foreign Affairs 'Abd al-Halim Khaddam and Army Chief of Staff Hikmat Shihabi. [redacted]

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By upgrading the Republican Guards and possibly creating a third Army corps to protect his regime, Assad has further shown his determination to remain in power and to keep his headstrong brother in check. Assad probably calculates that, having dismantled his brother's power base, he can avoid having to send forces against his brother's remaining supporters—now scattered throughout the military or dismissed from service altogether. He undoubtedly would use his new elite forces, such as the Republican Guards, against organized Rif'at loyalists, however, if they appeared to threaten his regime. [redacted]

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Rif'at: Threatening Regime Stability From Afar
Although [redacted] other Alawite commanders, such as Ali Haydar, are in trouble with the President because they have acted without consulting him or have misused their power, Rif'at still appears to be the primary "wild card" in Assad's careful equation of strong Alawite officers. [redacted]

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The Muslim Brotherhood of Syria: Possible Resurgence [REDACTED]

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The involvement of Syrian Muslim Brotherhood members in antiregime activity this year, including bombings and a rumored coup plot, marks a significant departure from the group's quiescence that followed its brutal suppression in 1982. Although the organization remains fragmented and disorganized, it appears that disparate Muslim Brotherhood elements have served as a willing fifth column for Syria's external opponents, namely Iraq and Lebanese Christians. Perhaps more ominous for the regime's stability, however, [REDACTED] Sunni junior officers may have enlisted the support of the Muslim Brotherhood to challenge Syria's Alawite rulers. [REDACTED]

Syria's Alawite-dominated regime is probably less concerned with a possible Brotherhood resurgence than it is with a growing public perception that it is again vulnerable to subversive activity. President Assad relies on his extensive intelligence and security apparatus to intimidate potential dissidents and may fear that recent successes of the Brotherhood and their confederates will encourage other disgruntled Syrians to challenge the regime's authority. As a result, Assad has been quick to dispatch reinforcements to traditional hotspots of Sunni dissent while officially minimizing the role of Muslim Brothers in incidents of subversion. [REDACTED]

Still Reeling

The Syrian Muslim Brotherhood emerged as the leading opponent of the Alawites and the Ba'th Party as early as the 1960s, mobilizing popular traditional and conservative sentiment against the secular orientation of the new elite. Urban merchants who resent government interference in trade—and fear that Ba'thist socialism is a weapon in the hands of long neglected and suppressed rural people to exact revenge against the cities—have supported the Brotherhood in particular and contributed to the revival of Islam as an answer to the wrenching change of modernization and the loss of unity within the Sunni community. [REDACTED]

Assad's massive use of force against Brotherhood-led Sunni militants in Hamah in 1982 forced dissident leaders to retreat from open opposition. The massive toll in human life, estimated from 10,000 to 20,000, apparently raised the price of dissent much higher than the Brotherhood was willing to pay. The increased security presence in Brotherhood centers also proved disruptive to its paramilitary operations. [REDACTED]

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The Sunni opposition has shifted to mostly political and organizational activity since 1982. The Muslim Brotherhood merged with other Islamic groups in 1980 to form an "Islamic Front" and then entered an even broader opposition coalition in 1982 that has taken the name "The National Alliance for the Liberation of Syria." Leaders of the group include Adnan Sa'd al-Din, an educator from Hamah in exile since the early 1960s and a prominent leader of the Muslim Brotherhood, and Shaykh Muhammad al-Bayanuni, who serves as the head of the Islamic Front while in exile. [REDACTED]

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[REDACTED] Overt political activity has been confined primarily to issuing press releases from Europe denouncing the regime and outlining a liberal platform for a new "Islamic" government. Perhaps to avoid Syrian hit teams, Sa'd al-Din has moved to Iraq. He has been criticized within the Brotherhood for limiting his operations to a pamphlet war against the Syrian Government. [REDACTED]

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Assad's granting of a general amnesty to the Brotherhood in January 1985 was probably designed to widen splits among the various factions of the organization. [REDACTED]

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[redacted]

Rumors that returning Brothers suspected of past subversive activities have been arrested, however, have probably prevented the return of some of the more activist members. [redacted]

Nipping at the Edges

Despite its many hardships, the Muslim Brotherhood continues to attempt limited independent operations, and the scope and rate of these operations appear to be on the rise. After several years of freedom from antiregime violence, Syria has been wracked since March 1986 with a series of bombings, mainly directed against military personnel and public transportation. For the most part Syria has officially implicated Iraq, [redacted]

[redacted] A common thread in most of these attacks has been suspicion by Syrian officials that Brotherhood cells inside and outside of Syria facilitated these attacks:

- **16 April.** Over a dozen explosions took place in northern Syria and Damascus resulting in over 100 deaths, [redacted]

[redacted] security forces used heavy force to round up suspects [redacted] causing several casualties. Public confessions eventually were extracted from Brothers who admitted to working as Iraqi agents.

- **3 June.** An explosion near the Dankinz Mosque in Damascus resulted in at least 10 deaths and scores of injuries, [redacted]

Evolution of the Syrian Muslim Brotherhood

The Muslim Brotherhood came to Syria in the 1930s. It was founded in Egypt in 1928 by Hassan al-Banna as an underground society dedicated to the end of colonial rule and the establishment of an Islamic state. The first Syrian adherents were students of Islamic law who had attended courses at Cairo's al-Azhar University or who had been won over by Egyptian Muslim Brothers touring Syria. [redacted]

The earliest leaders of the Muslim Brotherhood in Syria commonly were from families of the "men of religion." Mustafa al-Sabai, the first Superintendent General of the society and its leader from 1945 to 1957, came from a family that provided the preachers (khatibs) for the Grand Mosque in Hims. His successor, Issam al-Attar—who guided the organization until a split in its ranks in 1972 but continues to play a leadership role—was a prayer leader (imam) at the mosque of Damascus University. [redacted]

In the late 1960s younger members of the Aleppo and Hamah branches, shaken by the Arab military defeat by Israel in 1967, agitated for more militant opposition to the regime than the Brotherhood leadership would accept. In addition to the generational differences and the regional peculiarities of the branches, economic disparities might have accounted for the ideological variances within the organization. [redacted]

With the appearance of more militant Sunni radical factions, the Muslim Brotherhood in Syria has evolved into an even more loosely organized front. In the 1970s acts of violence were attributed to groups operating under various names—Youth of Muhammad, Marwan Hadid Group, al-Mujahidun, and the Islamic Liberation Party—while more recently the militant faction has taken the name Fighting Vanguard. In some cases, acts attributed to the Brotherhood by the government probably were carried out by Sunni radical splinter groups with little or no affiliation to the Muslim Brotherhood hierarchy, but spokesmen for the militants more closely attached to the Brotherhood took credit for them. [redacted]

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charter, many within its Sunni majority probably identify with the Brotherhood's revolutionary aims. Some of the founders of Fatah, including Salah Khalaf and Khalil Wazir, were Muslim Brothers. 25X1

Jordan. Jordan officially ended its support for Syrian Muslim Brotherhood exiles in November 1985 in the interest of sustaining its reconciliation with Syria. At that time, King Hussein admitted that anti-Syrian operations had been carried out from Jordanian territory, but he claims that they occurred without his knowledge. 25X1

Hussein probably wants to retain the Brotherhood as a lever against the Syrians, who have consistently opposed the King's initiatives regarding the peace process. Given the King's suspicion of Jordan's legalized Muslim Brotherhood organization, it is clear that the King would not endorse a Brotherhood takeover in Syria. 25X1 25X1

Calling All Patrons

Muslim Brothers depend on Syria's external opponents for material support and/or safe haven and reciprocate this patronage by offering use of its limited assets within Syria. These alliances in almost all cases appear to be marriages of convenience, since the Brotherhood's long-term agenda for Syria is often incompatible with those of its patrons.

Iraq. Iraq is Syria's principal regional rival and has provided camps and paramilitary training for the Syrian Muslim Brotherhood since the mid-1970s, [redacted] Iraq's backing of Brotherhood violence against Syria since the late 1970s is probably a response to Assad's backing of Iran in the Iran-Iraq war. Although Iraq is a Sunni-dominated regime, its secular Ba'thist dogma rules out support for a Muslim Brotherhood-led fundamentalist revolution in Syria.

Lebanon. Several groups in Lebanon who oppose Syria's policies there have coordinated operations with Brotherhood exiles against targets in Syria despite their mutual hostility. The Sunni fundamentalist Islamic Unification Movement (IUM) located in Tripoli has had close ties to Brotherhood exiles since many of them fled to Tripoli from Hama in 1982. Muslim Brothers fought alongside the IUM and Fatah forces during the siege of Tripoli by Syrian-backed militias in late 1985. 25X1 25X1

PLO. According to the US Embassy in Damascus, relations between pro-Arafat Palestinians and Muslim Brotherhood exiles have drawn closer, particularly as the enmity between Assad and Arafat has increased in recent years. Operational cooperation between these groups is probably facilitated by Iraq, but contacts between the two may also take place in Lebanon and in Europe. Since Arafat's recent estrangement from Hussein, contacts in Jordan are probably severely curtailed. Despite the PLO's secular

Muslim Brotherhood alliances with foreign allies have helped it maintain a high profile as an opposition group, but its inability to attract new adherents within Syria has prevented it from mounting a credible challenge to the Assad regime. The Brotherhood, however, may be forming ad hoc alliances within Syria among other disaffected groups. 25X1 25X1


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Outlook


We believe that Assad is unlikely to face a major challenge from the Muslim Brotherhood in particular, or the Sunni population in general, as long as he remains healthy enough to exert his authority. His effective use of repression has deprived the Brotherhood of an organized base within Syria.

In the broader Sunni community, appreciation of the stability provided by Assad's rule, while less than enthusiastic, has had an apparent dampening effect on the ability of the Brotherhood to drum up mass support. 

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In the event of Assad's death or incapacitation, a Sunni challenge to a new regime would be unlikely to take the form of an "Islamic revolution" led by the Muslim Brotherhood. To succeed, mass opposition pitting Sunnis against the new regime would require breaking the coalition of Alawites and rural Sunnis, destroying military discipline and Ba'th Party identification, and detaching peasants, workers, and the salaried middle class from their dependence on state and party institutions. 

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The Muslim Brotherhood probably believes that carrying out operations against the Syrian regime, however limited, will put it in a position to become the vanguard of opposition to the Alawite regime in the future. The Brotherhood may try to exploit dissatisfaction with the economy among Syrians to rally support for a Sunni regime that might be more favorably disposed to its fundamentalist agenda. Should the Brotherhood's foreign patrons abandon it in favor of better relations with Syria, however, the organization's capability to strike within Syria will probably be significantly undermined. 

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Musa al-Sadr: Lebanon's Hidden Imam?

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The impact of Musa al-Sadr on the Shia movements in Lebanon is immense. Sadr infused the Shias with a unique sense of political consciousness and is today considered the main rallying force behind extreme Shia activism. As a radical organization, Hizballah was modeled on organizational structures inspired by Sadr. He laid the foundation for the emergence of the politically militant Shia cells associated with the kidnaping of Western citizens in Lebanon. Sadr's status as Shia spiritual leader continues to infuse the leadership of the Lebanese Shia community with the necessary ingredients to challenge Western influences in the region as a whole.



Musa al-Sadr—an enduring legacy.

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Background

The disappearance of Musa al-Sadr, spiritual leader of the Lebanese Shia community, while on a visit to Libya in late August 1978 remains a cause celebre for his followers and an enigma to observers of Lebanese politics. A descendant of the Prophet Muhammad, Sadr was related to several prominent Iranian and Lebanese Shia families. His cousin, Muhammad Baqir al-Sadr, founded the Iraqi militant Dawa Party—long noted for its opposition to the Shah of Iran and later to Iraqi President Saddam Husayn—was executed by the Iraqis in 1980.

1968-69, the Shias were fragmented and were at the mercy of the As'ad, Khazin, and Hamadah families of the south (the Jabal Amal) and the northern Bekaa Valley around Hermil.

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The traditionally poor Shia regions became fertile ground for Sadr's activism. Waves of Shia migration from rural to urban centers in search of better economic opportunities worsened the already explosive demographic changes in Lebanon. Persistent Israeli retaliation against southern villages in the wake of the 1969 Cairo agreement between the Palestinians and the Lebanese Government—which legitimized the PLO presence—gave Sadr a rallying issue and a focus for political action.

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Sadr's disappearance has been a festering sore in Lebanese-Iranian-Libyan relations and the motive behind a long series of international terrorist incidents. It is likely to continue to be a rallying cry for Lebanon's Shias. Its poignancy is enhanced because of the Shia belief that divinely gifted Shia leaders in medieval times disappeared into occultation rather than dying mortal deaths.

Lebanon's Shias

Until his disappearance, Musa al-Sadr was the undisputed leader of the Lebanese Shia community. The Shia community, which has become the largest confessional group in Lebanon, constitutes the neediest and most dynamic sector of Lebanese society. When Sadr made his debut in Lebanese politics in

Sadr's Appeal

Sadr's initial political message centered on the need to organize the majority of the "disinherited and the dispossessed" lower-class Shias. He created the Movement of the Dispossessed, Nprevailed upon the Lebanese Government to help set up the Higher Shia Council—an organization designed to funnel funds for social and economic activities—and in 1975 founded the Amal militia dedicated to the defense of the south. The Amal militia became increasingly

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entangled in the civil war on the side of the leftist and Palestinian forces and has fought numerous battles against the Christian militias since. While openly supporting coexistence with the Christians, Sadr sought a bigger share of the country's political pie for the Shias. His repeated criticisms of the Christian-dominated government on social and military issues proved to be an effective tool for political mobilization and recruitment, especially among thousands of alienated Shia youth. []

Sadr's unprecedented success in creating a Shia political movement and militia in Lebanon stem from his charismatic personality. He was seen by his supporters as a redeemer—a leader genuinely committed to transforming their lives. The plight of the south, traditionally the home of most of Lebanon's Shia population, became the centerpiece of his message. []

As a reformer, Musa al-Sadr wanted to create a new Lebanese order. He preached that Israel's aggression in the south robbed Lebanon of its pride and integrity. The daily Israeli retaliatory attacks were not directed at the Palestinians as much as they were directed against the innocent local inhabitants, he argued, and he blamed the Lebanese Government for failing to protect its territory—even accusing it of complicity with Israel. Ironically, Sadr's latter message highlighted the government's weakness and made it more vulnerable to attacks from other leftists and Palestinians with similar grievances. []

Sadr eventually became disenchanted with his Palestinian connection and by 1976 was pushing more for Shia causes—a move that put him at odds with the majority of the Palestinian leadership—and may have set the stage for his disappearance. PLO-Amal relations steadily deteriorated in the mid-1970s. By 1977-78 Amal was fighting daily skirmishes with the Palestinians, whom many Shias considered an occupying power and an overbearing intruder in the south. []

Sadr's Disappearance

Although the whereabouts of Sadr remains officially a mystery, [] he was almost certainly killed by Libyan intelligence. We believe that his death, along with two of his trusted

advisers—Shaykh Muhammad Yacoub and Abbas Baddredine—may have been partly accidental due perhaps to heavyhanded torture by Libyan hosts, but it almost certainly occurred in Libya. []

Libya continues to deny any involvement in the Sadr affair, insisting that the cleric and his two companions were put on an Alitalia flight bound for Rome from Libya on 1 September 1978. Italian authorities insist that Sadr was not on that flight. []

[] Amal repeatedly investigated his final days looking for clues. We doubt any of these rumors were accurate. More likely, Sadr died soon after his arrival in Libya. []

[] Sadr had a falling out with Qadhafi during his visit—probably over Sadr's anti-PLO activities in the south. []

[] We believe, however, that Libya probably eliminated Sadr primarily at the behest of radical Palestinians who opposed his efforts to establish a Shia-run area in the south and the upper Bekaa Valley free of the Palestinian presence. []

Impact

The circumstances surrounding Musa al-Sadr's disappearance have had a great deal of influence on events both on a local and a regional level. In Lebanon, Amal leader Barri uses Sadr's legacy to call for moderation and unity in the Shia community's

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Attacks by the Musa al-Sadr Brigades

<i>15 January 1980</i>	<i>Middle East Airlines jet hijacked.</i>
<i>28 January 1980</i>	<i>Middle East Airlines jet hijacked.</i>
<i>10 March 1980</i>	<i>Middle East Airlines jet hijacked.</i>
<i>16 January 1981</i>	<i>Three rockets fired at Libyan Mission in Beirut.</i>
<i>3 September 1981</i>	<i>Two rockets fired at Libyan Mission in Beirut.</i>
<i>7 December 1981</i>	<i>Libyan jetliner on flight from Zurich to Tripoli diverted to Beirut after a 10,000-kilometer odyssey.</i>
<i>24 February 1982</i>	<i>Kuwaiti airliner hijacked. Forced to land in Beirut after a 12,500-kilometer ordeal.</i>
<i>27 January 1983</i>	<i>Explosion on doorstep of Libyan Mission in Beirut caused by remote-controlled bomb.</i>
<i>17 March 1983</i>	<i>Bomb explodes at Libyan Mission in Madrid, Spain.</i>
<i>22 June 1983</i>	<i>Romanian jetliner leased to Libya en route from Athens to Tripoli diverted to Cyprus.</i>
<i>23 June 1984</i>	<i>Libya's top diplomat kidnaped from lobby of Bristol Hotel in Beirut. Freed by Amal gunmen two days later.</i>
<i>10 July 1984</i>	<i>Explosion at Libyan Mission in Beirut caused by bomb.</i>
<i>2 September 1984</i>	<i>Explosion at Libyan Mission Annex in Beirut.</i>
<i>19 September 1984</i>	<i>Libyan diplomat shot in Madrid, Spain.</i>
<i>10 October 1984</i>	<i>Spanish Ambassador in Lebanon kidnaped in Beirut.</i>
<i>7 February 1985</i>	<i>Cyprus Airways flight from Beirut to Cyprus commandeered. Returns to Beirut.</i>
<i>16 March 1985</i>	<i>Libyan diplomat Abd al-Basit al-Trabulsi kidnaped. Released on 23 March.</i>
<i>11 June 1985</i>	<i>Jordanian airliner hijacked to Beirut. Later blown up.</i>
<i>17 January 1986</i>	<i>Three Spanish officials kidnaped, later released in Beirut.</i>
<i>9 April 1986</i>	<i>Libyan Mission in Beirut attacked with automatic weapons fire.</i>



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dealings with other sects. Radical Shias—backed by Iran—have also exploited Sadr's message but chosen to highlight it as a call for Shia militancy and an Islamic republic in Lebanon. [redacted]

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Libya's role in Sadr's death has been a cause for bitter intra-Shia accusations:

- Nabih Barri has on several occasions criticized Iran's close ties to Libya, calling them irresponsible.

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The Shia demand for a Libyan accounting has been the driving force behind a series of Shia terrorist attacks against Libyan facilities—including several airline hijackings. The so-called Musa Sadr Brigades—a shadowy group probably tied to Amal—even sent a congratulatory message to President Reagan after the US airstrikes on Libya last spring. [redacted]

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The disappearance of Musa al-Sadr has highlighted the dichotomy between Lebanese Shia advocates of social modernism and traditionalism, between religious tolerance and fundamentalism, and between political moderation and extremism. Every September Shia politicians call for further investigation of Sadr's disappearance and press to find him. For Shia believers Musa al-Sadr is a key symbol who—like the Shia Imams of medieval times—has disappeared from the secular arena only to remain a focus of intense passion in Shia politics. [redacted]

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Iraq: Toning Down the President's Personality Cult

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The cult of personality fostered by Iraqi propagandists to glorify President Saddam Husayn apparently is being revised. Saddam's reputation as a great war leader is no longer credible following Iraqi defeats at Al Faw and Mehran. US diplomats in Baghdad believe pressure to tone down the cult is coming from Ba'th Party leaders who are concerned that Saddam's public image no longer bolsters public confidence. We believe some revision of the cult is inevitable, although the propagandists must be careful not to lose the support of lower-class Iraqis to whom the cult is meaningful.

The Cult of Personality

One noticeable development of the Iran-Iraq war has been the extraordinary cult of personality that has grown up around Iraq's President Saddam Husayn. Iraq's well-organized propaganda apparatus has used a plethora of photographs, wall paintings, and lavish public events to promote Saddam as a national hero.

The propagandists have focused particularly on Saddam as a great war leader. They have praised him as a natural military genius and a strategist whose plans never fail. They also have portrayed Saddam as a commander who cares for his men and will not tolerate excessive casualties. During 1982-85, US diplomats in Baghdad reported a high level of acceptance of the cult among lower-class Iraqis, especially poor Shias. Shia Islam has a heritage of encouraging hero worship, a possible explanation of this phenomenon.

Early this year, however, Saddam's image began to lose some of its luster. The President had boasted that under his direction Iraq's forces would hold the Iranians at bay with minimal casualties. The Iranian breakthrough at Al Faw and the heavy Iraqi losses undercut these claims.

Saddam tried to recoup by ordering the Army in June to seize Mehran, a deserted Iranian border town. The Iranians retook the city in less than a week, however, and again inflicted heavy casualties on the Iraqis. As a result, the number of Iraqis felled this year has risen to over 15,000, more than in all of 1985.

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In the aftermath of Mehran, US diplomats reported a sharp outburst of popular resentment as Iraqis publicly began to criticize Saddam. This was an extraordinary development in Iraq's police state, where few persons have dared to speak out against the President. US diplomats in part blamed the cult for this backlash. Iraqis had been led by the propagandists to believe that with Saddam as their leader, they could not lose the war, but recent events seemed to contradict this belief.

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A Congress Is Called

Following the Mehran disaster, the ruling Ba'th Party convened a national congress at which the conduct of the war and Saddam's role were debated. The leaders demanded that he stop trying to micromanage the war and consult more frequently with his generals. The President, apparently recognizing that the public mood was becoming dangerously brittle, seems to have gone along with these demands.

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We believe that under the prodding of party leaders Saddam also has agreed to tone down the cult of personality. Two weeks after the congress he gave a national address that was startlingly different from previous speeches. He did not boast but instead appealed to the people for support. He told them to expect a major offensive by Iran, probably in September, and asked them to make sacrifices for the nation. Perhaps most significantly, Saddam made no attempt to appear optimistic. He conceded the possibility that Iraqi territory might be lost in the offensive and that casualties could be high.

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Other Moves To Tone Down the Cult

Saddam has taken other actions suggesting that he is toning down his personality cult:

- He has permitted Iraqi generals to take credit for battlefield victories. Last month, Iran seized an offshore oil platform that Iraq eventually recaptured. The general in charge of the recapture claimed that he had devised the plan for the operation. In the past, such plans were worked out by Saddam and his military advisers.
- Saddam has permitted Iraq's Defense Minister to chair meetings of the General Staff. This formerly was Saddam's exclusive privilege, and the minister attended but kept well in the background.
- Saddam has begun referring to himself publicly as "a man of the people." The President formerly claimed that he was "the father of the people."

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Outlook

We believe there will be further gradual changes in Saddam's personality cult during the coming months. Saddam will adopt a lower profile and allow his generals and top party leaders to play a more active part in the war. Propaganda will stress the need for popular sacrifice, and the people will be lauded for their contribution to the war effort.

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Iraq's propagandists have demonstrated considerable skill manipulating public opinion, and we believe they will be able to successfully restructure the cult. Middle-class Iraqis almost certainly will approve such changes. According to US diplomats, this group has long regarded the cult as crude and artificial. Among the poor, however, the image of Saddam as a heroic figure has been highly appealing, and the regime must proceed carefully to maintain their support.

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Iraq: Saddam's Family Troubles

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Iraq's President Saddam Husayn apparently is on the verge of putting some of his closest relatives on trial for corruption. Members of the President's family—the Tikritis—have long been involved in questionable business deals, but Saddam has consistently protected them. The President appears to have decided that the public mood has turned dangerously against his family, and, unless he acts, resentment is likely to rub off on him. In addition, major figures in the government and ruling Ba'th Party would like to curb the power of the Tikriti clan.

Roots of Family Disputes

According to the US Embassy in Baghdad, Saddam is finally preparing to bring his half brother Barzan al-Tikriti to trial on corruption charges. Barzan was dismissed from his powerful post as head of Iraqi intelligence in 1983 amid rumors that he was involved in corrupt business deals. No formal charge was brought against Barzan at the time, and he was allowed to retire to his estate.

Saddam's Al Thawrah Interview

In late August Saddam gave a long interview to Al Thawrah—the paper of the ruling Ba'th Party—in which he stressed his determination to curb his relatives' corrupt activities. Saddam told the interviewer, "I watch the behavior (of my relatives) and punish them decisively and strongly. There are many people who are my relatives, including my nephews, brothers, and sons, whom I have whipped and caned for behavior I found improper." Saddam further asserted that "public figures should not covet private property" (an apparent reference to Tilfah and his large landholdings). "It is wrong," the President said, "to seek to acquire property to such a degree it impedes the march of the people. A public figure must not forget his principles or be greedy."

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condone influence peddling by relatives using his name. According to the US Embassy, this was an allusion to Tilfah.

Last month the US Embassy reported that another Saddam relative, longtime foe Gen. Umar Hazza al-Tikriti, had been arrested on unspecified charges. Three of his villas were bulldozed and a cache of arms discovered. According to the Embassy, Saddam believes Umar Hazza may have been plotting a coup against him.

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In addition to Barzan, other members of the family have been accused of trading on their family ties. Saddam's uncle and father-in-law, Khayrallah Tilfah, has long been suspected of using his relationship with the President to garner a fortune, which is invested in land. Last year Saddam said publicly he would not

The Public Opinion Factor

The behavior of Saddam's relatives has put the President in a bind. On the one hand, the Tikritis over the years have been among the President's staunchest

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supporters. They have expected to be rewarded for their backing, and one way Saddam did this was to overlook their influence peddling. On the other hand, the Iraqis are in the midst of a costly war that has gone against them. The President's personal prestige is at a low ebb, and he cannot afford to have his reputation further tarnished by his relatives' antics and avarice. [REDACTED]

In July, the Embassy reported an extraordinary upsurge of public criticism, much of it focusing on Saddam. Ordinary Iraqis blamed him for mismanaging the war and for permitting his relatives to make fortunes in war profiteering while the rest of the country suffered. [REDACTED]

Saddam, who is a savvy politician, apparently decided that the time had come to put distance between himself and his more flagrantly corrupt relatives. He apparently feared that corruption was about to become an issue that would crystallize popular resentment against his regime. [REDACTED]

Anti-Tikriti Forces

Saddam's action against corrupt relatives is popular among key supporters of Saddam. The US Embassy has suggested that Saddam's chief aide, Husayn Kamil al-Majid, is spearheading the drive against family members. A Tikriti himself, al-Majid is the head of the Palace security unit and is a known rival of Barzan. In 1983 it was al-Majid who personally arrested Barzan and brought him forcibly to the Palace. Barzan has never forgiven him for this, and al-Majid probably would like to see Barzan eliminated. [REDACTED]

Top leaders of the ruling Ba'th Party oppose Barzan and Tilfah because their influence stems from traditional family ties rather than the party. According to the US Embassy, Barzan, before he fell from grace, disdained the party leadership, believing himself to be above party politics. [REDACTED]

Implications

If Saddam puts one or more of his relatives on trial, this would generate phenomenal public interest and deflect public attention from the gloomy war news. The conviction of Tilfah and Barzan on corruption charges would almost certainly lead to the expropriation of their wealth. Although property confiscations probably would not significantly help the economically strapped regime, they would send a message to other wealthy individuals to avoid war profiteering. Moreover, by cracking down on high-level corruption, the regime would show that all Iraqis are treated equally. This could help limit complaints as the regime calls for new sacrifices from the public because of the war and economic problems. [REDACTED]

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Iran's Middle Class: Losers of the Revolution

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Members of Iran's middle classes have been the major losers since the Islamic revolution as the clerical regime has focused its attention and energies on its more important lower-class supporters. The middle class includes well-educated, largely pro-Western technocrats and professionals, most of whom are civil servants or work for nationalized firms. It also includes many military officers trained before the revolution, but not Revolutionary Guard officers and bazaaris who have similar incomes but have fared better since the fall of the Shah. In general, the middle class opposes clerical rule, resenting domination by religiously devout but untrained mullahs and poorly educated members of the lower class. Though the middle classes pose little threat to the regime, they are slowly gaining influence, and over the long term they could be a moderating force in Iranian politics.

Background and Role in the Revolution

Middle-class professionals and technocrats opposed the Shah for a mixture of economic, political, and nationalistic motives. Many rediscovered national pride through Khomeini and resurgent Islam. Civil servants, in particular, resented being underpaid compared with the private sector. The middle class wished to replace the Shah's regime with a secular democratic government that they hoped to control.

Under Siege

The middle class has lost out politically, economically, and socially under the Islamic republic. Its brief bid for political control of the revolution collapsed with the fall of moderate Prime Minister Bazargan in 1980, and much of their remaining influence waned with the ouster of President Bani-Sadr in 1981. The clerical regime has found it expedient to condemn the middle class as elitist, anti-Islamic, and in league with Western imperialism or Communism. Alleged middle-class counterrevolutionaries are blamed for government failures. Middle-class politicians have either been driven into exile or harassed and prevented from running for office.

The involvement of middle-class youth in the outlawed Islamic Marxist group, the Mujahedin e-Khalq, has greatly heightened regime suspicions. Western scholars report that most of the thousands executed during the regime's effort to exterminate the Mujahedin were middle-class college and high school students.

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The middle class has probably suffered a greater reduction in living standards than any other group. Thousands of technocrats have been purged since the revolution. Moreover, civil servants' salaries and benefits were cut right after the revolution, and they have received only small increases since then despite rampant inflation.

as of February 1986 the purchasing power of an Iranian civil servant's income was only half what it was before the revolution. Since the poor are not taxed and merchants avoid taxes, most government employees, who have taxes automatically deducted from their salaries, have borne a disproportionate burden of current efforts to raise tax revenues. The middle class is also discriminated against in the provision of goods at government-controlled prices, housing, education, and other programs, civil servants frequently spend work hours waiting in line for scarce goods or moonlight to supplement their incomes.

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The lifestyle of the middle class has been drastically affected by the revolution:

- Vilification of wealth has made it impossible to display expensive clothes and possessions in public.
- Religious strictures have pushed Western lifestyles underground; theater, night clubs, and drinking are banned.

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- Job promotions and working conditions often hinge on such factors as abjuring Western tastes in dress and music in favor of traditional Persian styles.
- Educated women—prime beneficiaries of reforms instituted by the Shah—have been pressed to return to traditional roles regardless of their skills and forced to conform to the dress and behavioral standards of a theocratic society.

In contrast, the lower classes and bazaar merchant class have fared relatively better. There are numerous programs for the lower classes providing subsidized goods. More important, the lower classes have gained social status and economic mobility. The bazaaris have benefited by a return to a more traditional Islamic economic system and won substantial political influence. Foreign exchange policies and rationing have opened opportunities for the bazaaris to earn large profits on the black market.

Middle-Class Reaction: Leave or Endure

Many middle-class opponents of the regime have voted with their feet. An estimated 500,000 skilled workers have fled Iran since the revolution. In addition, many who remain in Iran have left their jobs in frustration or have been purged by radicals. This has created major problems for the Iranian economy. For example, development projects have been delayed by the lack of skilled engineers and construction workers, and health care has suffered significantly from a shortage of physicians. The regime compounded these problems by closing Iran's universities, including its only medical school, from 1980 to 1982 for fear that students might undermine the revolution.

The remaining elements of the middle class constitute a serious irritant but not a political threat to the regime. some engage in such passive opposition as not doing their jobs properly.

many National Iranian Oil Company (NIOC) employees had embarked on a "slowdown" out of frustration with the incompetent political appointees managing NIOC. This has hindered progress on new projects and hurt production and maintenance. Less damaging forms of

passive resistance include buying restricted goods on the black market and covertly engaging in un-Islamic activities.

The middle class has staged occasional protests to support moderate opposition movements, but fear and lack of strength have limited such activity. Clandestine radio broadcasts from opposition leaders abroad, such as former Prime Minister Bakhtiar and the Shah's son, have triggered some rallies. In Tehran these have been small and largely limited to creating traffic jams—a relatively easy task, given Tehran's overcrowded streets.

Opposition activity remains muted because participants fear loss of their jobs, imprisonment, or even worse at the hands of radical revolutionary committees. Even a minor protest can bring a brutal response.

In addition, much of the middle class is politically indifferent out of despair that anything can be done. a common sentiment is that there will be no change until some outside force, such as the United States, chooses to displace Khomeini and his lot.

The middle class has little enthusiasm for the war with Iraq, and many have sought to avoid military service for themselves or their sons. the majority of the middle class is strongly nationalistic, but most believe the human and economic cost is too great and that there is little hope of ousting the Iraqi regime.

bribes are paid to Revolutionary Guard commanders to falsely claim men as members of their unit; to doctors to certify a son as unfit to fight; and to government employees to alter education records allowing students to remain in foreign schools.

Regaining Influence

Despite its suspicions of the technocrats, the regime has been forced to seek their expertise to help cope with the difficulties of running a modern economy

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and society. The dismal state of the economy, especially the poor performance of nationalized firms, has encouraged the clerics to yield greater authority to their better trained subordinates. Technocrats have regained control of economic decision making at lower levels in many instances. []

To deal with economic and technical problems, the regime is asking many of those who were purged from their positions or who left the country following the revolution to return. The Islamic regime has set up programs to lure expatriate technocrats by appealing to their sense of nationalism and promising access to consumer goods, foreign travel, and exemption from military service. [] the clerics at least grudgingly accept skilled technicians who refuse to adhere to such religious strictures as noon prayers. Professional civil servants who left or were purged are now being hired as consultants, especially in the important oil industry, and some businesses have been returned to former owners with badly needed expertise. Some faculty members at universities dismissed as potential counterrevolutionaries have been rehired. []

Few expatriates have returned to Iran. [] NIOC has not succeeded in attracting former employees living abroad. Expatriates balk at the prospect of following Islamic codes of conduct, find salaries uncompetitive, and fear they could not send money overseas. Occasional generous financial incentives do little to allay fears of being drafted or harassed by squads of young Islamic radicals. Many fear they would not be allowed to leave again. Present restrictions on travel, such as requiring wives of technocrats leaving the country to remain behind, reinforce this notion. []

Outlook

The middle class will not regain a significant degree of political power in the near term. Iran's worsening economy will encourage a greater role for technocrats in economic decision making but only so long as the regime is confident of its position. If economic decline or the war generate serious domestic unrest, religious radicals will blame shortcomings on the increasingly visible experts for failing to follow Islamic ways. The consequent retrenchment would bring new purges of

technocrats. A smooth post-Khomeini transfer of power holds the best promise for the middle class. Should radical ideologues prevail, a renewed exodus of the middle class can be expected. []

Middle-class technocrats probably will ally themselves with the moderate opposition coalition of conservative clerics and bazaaris because they share the technocrats' most important political goal, a return to secular government with clerics playing only a supporting role. Both groups probably would be comfortable with a government led by a moderate such as former Prime Minister Bazargan. The conservative clerics' position in favor of property rights also finds support among the middle class. []

Nevertheless, such an alliance would be subject to considerable internal friction. The middle class supports less clerical control over the economy, but not less government control; the middle class would run the system in the absence of the mullahs. Those with technical expertise in industry oppose the regime's probazaar policies on exchange rates, price controls, and taxes. The overvalued rial and price controls harm technocrats who work on the production side of the economy, while toleration of a vibrant black market reaps large profits for bazaaris and importers. []

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The Pakistan Muslim League: The Once and Future Ruling Party?

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The Pakistan Muslim League's rebirth last January signals the latest effort to build a cohesive government political party out of the original Muslim League that fostered the creation of Pakistan in 1947. The current version of the Muslim League is headed by Prime Minister Mohammed Khan Junejo, and he has used the government's patronage powers to induce most Cabinet and parliamentary members to join. The League has thus far successfully turned back opposition leader Benazir Bhutto's demand for new elections and is seeking to blunt her populist image by appealing to the public with its own program of job creation and urban development. Popular cynicism with politicians, the inability to fulfill social and economic promises, and differences with provincial and religious parties, however, will make it difficult for the League to expand its appeal beyond conservative, opportunistic, and Punjabi politicians.

The Party of Independence

The Muslim League was formed in 1906, declaring its mission "protecting and advancing the political rights of the Muslims of India and representing their needs and aspirations to the government." Academic studies show that the League was made up of Western-oriented professionals who wanted a Muslim party, in large part, to counter the influence of the Hindu-dominated Congress Party. Nonetheless, the two parties cooperated through the 1920s to promote independence for all India from British colonialism.

Their tacit alliance broke down in the 1930s because of Muslim resentment at perceived Hindu attempts to dominate the independence movement. Mohammed Ali Jinnah, who joined the League in 1913 and became its leader in 1934, gradually became an advocate of a separate Muslim state for India's Muslim minority.

In 1940 the League formally endorsed the idea of partition of India into separate Hindu and Muslim states. The League formally adopted "Pakistan" as

the name of the proposed state in 1943, and when Pakistan was created as an independent state in 1947, the Pakistan Muslim League (PML) became the ruling party and Jinnah head of state.

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Decline and Eclipse

Scholarly studies show that, although the Muslim League remained the ruling party in Pakistan through the mid-1950s it gradually lost public support after Jinnah's death in 1948. Its main base of support—urban professionals and intellectuals—was narrow, and it could not win over Islamic fundamentalists, who considered the League too secular, or promoters of provincial autonomy, who believed the League to be controlled by the majority Punjabi ethnic group. The League lost heavily in the 1954 provincial elections and was forced into coalition with other parties. After General Ayub Khan's military coup in 1958, the PML was formally dissolved along with other political parties.

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Ayub Khan resurrected the League in 1962 when he allowed the resumption of political activity. He made the League the official governing party and became its leader in 1963. The Muslim League was the ruling party of Pakistan until Ayub fell from power in 1969 and was replaced by another martial law regime. During Zulfikar Ali Bhutto's years in power (1971-77) and President Zia's martial law period (1977-85), the Muslim League fell into disarray, splitting into three factions.

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Revival in 1986

After martial law and the ban on political activities was lifted on 30 December 1985, the Pakistan Muslim League was reconstituted with Prime Minister Junejo as its head. The nucleus of the party is the Pir Pagaro faction—followers of a religious leader based in Sind Province—that had supported the martial law regime of President Zia. The new PML formally registered with the government in February, and 50 out of 87 Senators and 170 out of 237 National Assembly

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Mohammed Khan Junejo

broad support in the party and owed much of his success to his mentor, former PML leader Pir Pagaro. Pagaro, however, has recently privately criticized him for trying to build the party from the top down. Junejo has worked diligently to ensure the predominance of the PML in Pakistani political life and to secure the loyalty of the pro-PML members of the National Assembly. He is working on a parliamentary and constitutional strategy to sustain the power of the Muslim League. According to US Embassy reporting, he excels in consensus building and has earned a reputation as a man of moderation who listens.

Mohammed Khan Junejo, Pakistan's first prime minister since the imposition of martial law in 1977, is widely known for his high moral character and cautious, conservative political views. Since taking office, he has worked hard to establish himself as the legitimate spokesman and chief policymaker of a popularly elected democracy. Asserting his role as the chief executive officer, Junejo has played a key role in formulating the government's response to the political challenge posed by opposition leader Benazir Bhutto. He has clearly stated his aim to serve in the full capacity of his office until the next national election, scheduled for 1990.

Junejo, 53, has been active in Sindhi politics since 1960 and has spent much of his political career focusing on social welfare issues. He held several positions of increasing responsibility in Sind, including three provincial ministerial posts (1965-70). Junejo adhered to the Muslim League's decision to boycott the 1970 elections and did not hold office again until President Mohammed Zia-ul-Haq appointed him Minister of Railways in 1978. Dropped from the Cabinet in 1981, Junejo was politically inactive until his election to the National Assembly in 1985.

Although Junejo became president of the Pakistan Muslim League (PML) in January 1986, he lacked

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members joined the new party. [redacted]

The PML has recognized the need for organizing and developing grassroots support. [redacted]

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Junejo is assured a parliamentary majority until the next election scheduled for 1990 because, by law, any legislator who changes party affiliation during his term is disqualified. President Zia has not taken any role in the PML in conformity with his frequently stated view that political parties are un-Islamic because they foster divisions among Muslims.

[redacted] Junejo gave priority in February to establishing League offices in most major cities; youth wings have been set up in each provincial party organization; and the Prime Minister has undertaken numerous speaking tours around the country. A League official told US diplomats in July that 5 million voters had joined the party. [redacted]

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Pir Pagaro

Pir Pagaro, former president of the Pakistan Muslim League (PML), retains considerable influence in national politics through his close personal relationship with Prime Minister and current PML president Mohammed Khan Junejo as well as his position as Pir (spiritual leader) of the Hurs. (The Hurs are a religious/political sect that claim about 500,000 adherents centered in northern Sind. The Hurs are known for their deep veneration of their spiritual leader and their lawlessness.) Pagaro strongly recommended Junejo, a relative and political supporter, to President Mohammed Zia-ul-Haq for the prime-ministership and supported his

candidacy as the new head of the PML. The Pir supported him to ensure support for a party-based democracy and to curb the increasing influence of conservative religious leaders. Because of his ties to Junejo, he did not believe his own influence would be at risk. (Junejo, a Hur, in theory owes absolute obedience to the Pir. He reaffirmed his loyalty to the Pir last May, according to US Embassy officials.)

Although Pagaro is positive about the present position of the PML and believes opposition leader Bhutto's strength is waning, he does not believe Junejo will last beyond 1987. He has expressed disapproval of Junejo's party-building efforts and doubts his political aptitude. Pagaro apparently still entertains ambitions of resuming the leadership of the Muslim League once party politics have taken root. He won a Senate seat in the February 1985 election, and his two sons were elected to the Sind provincial assembly.

Pagaro, an eccentric, is outspoken and takes an undisciplined approach to politics. He believes deeply in astrology and has faith in an old prediction that the seventh pir (himself) would rule Sind.

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Nevertheless, the party has a way to go before it can match the numbers and enthusiasm of supporters of Benazir Bhutto's Pakistan People's Party (PPP). Bhutto's rally in Lahore in April attracted about 500,000 people, while a PML rally held there several days before drew only 50,000, according to the US Consulate. The League also could not prevent some members of the Pagaro faction from breaking away in February and forming a splinter party called the PML-Pagaro faction, although Pagaro himself supports Junejo's party. US diplomatic reporting indicates that Junejo's lackluster speaking style has failed to arouse much enthusiasm at PML rallies.

Challenge From the Independents

The PML faced its first challenge in the new civilian government last May when independent members of the National Assembly accused it of violating the Political Parties Act by recruiting members before it had registered with the government. The independents claimed that Junejo should be ousted from parliament because he joined an unregistered party. The dispute was resolved when President Zia issued a presidential ordinance eliminating any legal basis for the independents' motion—in Zia's own words, he "bailed Junejo out." PML members of the

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National Assembly voted to remove the speaker—Fakhr Imam, an independent—for allowing the motion to be brought to the election commission.

[REDACTED]

[REDACTED]

Bhutto's Return

The return of opposition leader Benazir Bhutto in April has given Junejo new impetus to make the PML a credible political party. His aim is to promote the PML as a populist party in order to rival Bhutto's PPP as the party of the have-nots. Shortly before Bhutto returned to Pakistan, Junejo held a PML rally in Lahore, where he announced the granting of property rights to slumdweller in Punjab Province, provision of municipal services to the slums, and land grants to landless rural inhabitants in Punjab. The government has also announced a \$120 million "National Employment Fund" to reduce the unemployment rate through public works projects.

[REDACTED]

PML skittishness about competing with Bhutto's massive demonstrations led to government-opposition clashes in August. Both the PML and the PPP were scheduled to hold rallies in Lahore on 14 August, Pakistan's Independence Day. The US Consulate in Lahore reports, however, that Junejo canceled the League rally out of fear of violence and concern that the PPP might outdraw the PML. The US Embassy reports that Junejo was "furious" with local PML officials for scheduling the rally without his knowledge. He called on the PPP to cancel its rally, but it refused, leading to the government crackdown on opposition activity and touching off the violence that led to some 30 deaths. [REDACTED]

Bhutto has been unable to make good on her public boast last April that many members of the PML

Iqbal Ahmad Khan

Justice and Parliamentary Affairs Minister Iqbal Ahmad Khan was named secretary general of the Muslim League in July 1986. He became active in the party during his studies at Punjab University when he joined the All-India Muslim League and, after partition, the Pakistan Muslim League (PML). Following his graduation, Ahmad Khan spent the next two decades practicing law in Lahore, highlighted by his tenure as president of the Pakistan Bar Council (1979-83). From 1981 to May 1985 he was a member of the Majlis-i-Shura, a now defunct consultative body appointed by President Mohammed Zia-ul-Haq. A member of the PML high command, Ahmad Khan was elected to the National Assembly in March 1985 and appointed Minister of Justice and Parliamentary Affairs the following month. Politically conservative, he favors the status quo in domestic and foreign policies. [REDACTED]

Ahmad Khan has worked closely with Prime Minister and League president Mohammed Khan Junejo to ensure the predominance of the PML. Together they are devising a statutory and constitutional strategy to thwart the Pakistan Peoples Party's call for midterm elections and render political agitation by unregistered parties illegal,

[REDACTED]

would quickly resign their legislative seats and defect to her party. The League held together during the antigovernment unrest in August, and there are no indications that League members are planning to bolt the party. The US Embassy reports that the PML is increasingly confident that it can turn back the efforts of Bhutto and the opposition to force new elections because the reaction to the government crackdown was less than the League had feared. [REDACTED]

Prospects for the PML

Economic and social problems probably pose the biggest long-term challenge to the PML. It probably cannot fulfill promises to increase employment, wage

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Manifesto of the Pakistan Muslim League

The Pakistan Muslim League adopted the following manifesto on domestic priorities in July 1986:

- *Making Pakistan a modern Islamic state.*
- *Eradicating corruption.*
- *Establishing the supremacy of elected representatives.*
- *Decentralizing local self-government.*
- *Electrifying 90 percent of villages by 1991.*
- *Building a nationwide network of farm-to-market roads.*
- *Solving the Katchi Abadi (slums) problem and building low-cost housing.*
- *Generating jobs.*
- *Improving the justice system.*
- *Ensuring equal protection and freedom of minorities.*
- *Promoting women's welfare and rights.*

[REDACTED]

clashed in the National Assembly this summer over the sharia bill, which is intended to replace secular law with Islamic law. The Jamaat wanted religious authorities to have more control over legal rulings than the PML was willing to allow, according to the Consulate. [REDACTED]

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The PML will also have to do more to change its image as a vehicle for Punjabi domination of the rest of the country to increase its popularity in the non-Punjabi provinces of Sind, the North-West Frontier, and Baluchistan. US diplomatic reporting indicates that the PML has established a good grassroots organization only in the Punjab—where 60 percent of the population lives. [REDACTED]

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[REDACTED]

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rates, and rural electrification because of budgetary constraints. Difficulties in dealing with deep-rooted social problems such as illiteracy, corruption, and crime could also hurt the PML's credibility with the public. [REDACTED]

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The PML remains vulnerable to charges that its refusal to compromise with the opposition over new elections will usher in a new round of political instability. We believe recurring cycles of violence between opposition and PML supporters, such as the clashes in August, will create public disillusionment with the League—and perhaps with those who initiate the violence as well. The beneficiaries of this cynicism could be moderate opposition parties such as the new National People's Party, which was formed by anti-Bhutto PPP politicians on 30 August. [REDACTED]

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We also foresee the League having difficulty in forging ties to fundamentalist Islamic parties, such as the influential Jamaat-i-Islami. Historically, the League, while endorsing the sanctity of Islam, has been a party of secular politicians. The US Consulate in Lahore reports that the PML and the Jamaat

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India-Pakistan: Armor and Artillery Balance

Neither India nor Pakistan has a clear edge in armor and artillery assets. India's 2:1 numerical advantage in tanks, bolstered by a limited edge in the quality of its armor inventory, will be considerably narrowed on the battlefield by its deployment pattern, conservative strategy, and inadequate logistics. Pakistan's more modern self-propelled artillery assets are also likely to inhibit Indian plans for a quick victory. Planned force modernizations by both sides will only reinforce existing strengths in their respective tank and artillery inventories, resulting in increased casualties rather than decisive advantage in a future conflict.

India's Apparent Advantages

India has a 2:1 numerical advantage in tanks over [redacted] has about 3,400 tanks, including 900 in storage. About half of India's tanks are Vijayantas, an indigenized version of the 1950s British Vickers tank. The remaining tanks consist of Soviet T-72s, T-55s, and PT-76s. [redacted] Most of the tanks in the Pakistani Army are Chinese-made T-59s. About 300 are US M48s and M47s.

India's numerical superiority is complemented by a slight qualitative edge. All of India's tanks are capable of sighting their targets at night. Only Pakistan's M48A5s have this capability. India's T-72s also are capable of engaging targets at longer ranges than any of Pakistan's tanks and can fire projectiles capable of defeating the frontal armor of all Pakistani tanks. Only Pakistan's M48A5s can defeat the Indian T-72s in a frontal engagement.

Pakistan has not offset India's numerical advantage in armor by building an adequate inventory of antitank missile launchers. The Pakistani Army has over 200 US TOW antitank missile launchers with more than 7,000 missiles and an unknown number of licensed produced West German Cobra antitank missile launchers and missiles, but we share the judgment of Indian military writers who do not believe these

weapons pose a significant threat to their tanks. They note that the rolling terrain of India's deserts and the small number of Pakistani antitank missile launchers will not produce a high-threat environment for the Indians.¹ [redacted]

Limiting Factors for India

Ambitious Goals. The Indian Army's strategy, reflected in the deployment of its armored forces, significantly reduces the importance of its numerical [redacted] war plans call for containing expected Pakistani offensives aimed at seizing and holding valuable Indian territory prior to a cease-fire. Subsequent counterattacks by India's two strike corps—built around India's only two armored divisions—are designed to sever Pakistan's north-south logistic line and engage and defeat Pakistan's armored division, all in less than two weeks.

The Army's decision to protect all of India's territory from Pakistani occupation severely reduces the number of tanks the Indians can concentrate for sweeping offensive operations. Over half of India's tanks along the border will be committed to relatively static, defensive roles. We estimate the Army has 1,100 tanks deployed with infantry divisions and independent armored brigades along the border with

¹ Indian military analysts compare their situation to the 1973 Arab-Israeli war where a relatively flat terrain and a high concentration of Egyptian antitank missile launchers in the Sinai posed a serious problem for Israeli tanks. [redacted]

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Indian T-72 tank



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Indian Abbot self-propelled gun



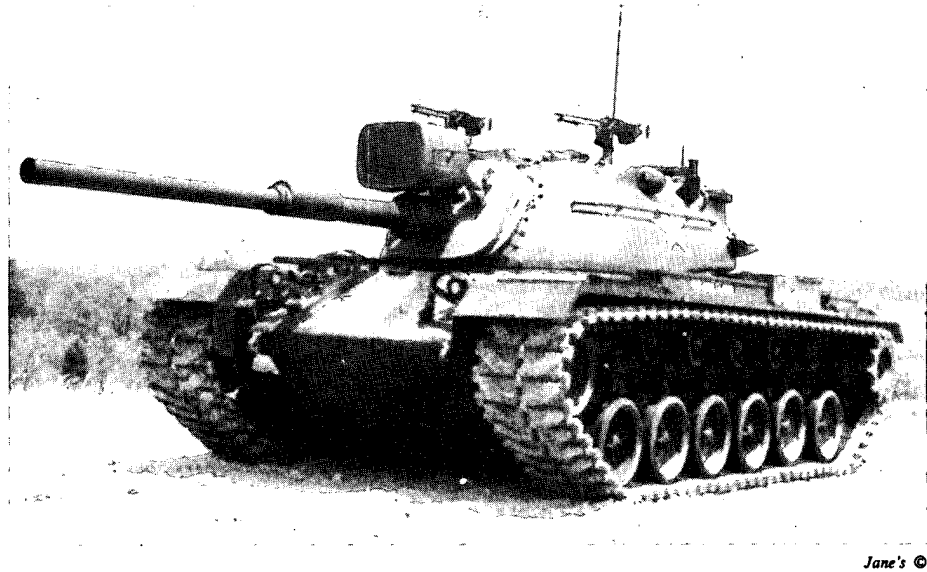
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M48A5 tank [redacted]

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Pakistan. We believe these tanks will be used in an antitank role and for direct fire-support roles for infantry units and in limited, diversionary offensives.

Poor Tactics. The two Indian strike corps have about 900 tanks, but [redacted] that these tanks will not be massed. Indian Army doctrine calls for keeping one of the strike corps as a strategic reserve, and Indian Army commanders have traditionally thought in terms of brigade-size engagements, a tendency that may lead them to commit their armor in a piecemeal fashion rather than concentrating it for a single decisive blow.

[redacted] furthermore, that the start-stop pattern of movement used by the Indian Army—conducting reconnaissance, attacking, and then consolidating on an objective—is likely to slow their advances. [redacted]

Artillery Gaps. India's lack of mobile artillery is also likely to hinder rapid movement of its armored forces. The Indians have not complemented their tank procurements with purchases of modern mobile artillery. The armored corps have only about 150 aging British Abbot self-propelled guns able to keep up with their other tracked vehicles. The lack of guns on tracked vehicles will force the Indians to plan their offensives along roads, making it easier for the Pakistanis to prepare for and contain their attacks.

The Indians have a 2.5:1 numerical advantage in artillery. India's arsenal of 3,800 guns consists of towed guns assigned mostly to infantry divisions and includes a significant number of artillery pieces—some 1,100—not in the active inventory. As with their armor, however, the Indians' ability to make effective use of their strength in numbers has been narrowed by their decision to defend against a potential Pakistani attack all along the border. [redacted]

Pakistani Defenses

We believe the Pakistanis plan a mobile forward defense. They will attempt to capitalize on their superior knowledge of the terrain to contain, encircle, and destroy invading Indian units. They will probably use their smaller tank force in maneuvers designed to outflank Indian armored units and to destroy Indian support equipment. [redacted]

The Pakistani Army will rely on the superior quality of its self-propelled artillery. The Pakistanis have over 100 modern 155-mm and 8-inch self-propelled guns in their inventory of 1,500 artillery pieces. The Pakistani's also have five US-made artillery locating radars that will assist them in conducting counterbattery fire. [redacted]

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Indian and Pakistani Major Ground Force Weapons

Type	Total Inventory	Active Inventory	Along Border ^a
Tanks			
India	3,400	2,500	2,100
Pakistan	1,600	1,200	1,100
Artillery			
India	3,800	2,700	1,800
Pakistan	1,500	1,500	1,200

^a For India, excludes forces deployed against China and in the northeast. For Pakistan, excludes forces deployed against Afghanistan.

Logistics. We believe widespread maintenance and logistic problems will greatly degrade the performance of both sides after the first few days of combat, but for the Indians this will be more serious.

armor and artillery units suffer from spare parts shortages and maintenance problems, compounded by their dependence on foreign suppliers. They also suggest that both sides have underestimated their logistic needs in a future war. Stockpiles are based on 1971 wartime usage, but their weapons today are capable of higher rates of firepower and more demanding missions. For the Indians, who plan a larger number of offensive missions, this will be a critical problem as their supply lines stretch into Pakistan.

Outlook

India and Pakistan continue to modernize and expand their armor and artillery assets in accordance with the dominant themes of their respective strategies. We estimate the Indian tank inventory could grow from 3,400 to 5,000 in the next five years, increasing their advantage from 2:1 to 2.5:1 over Pakistan. Current Indian plans call for buying additional Soviet T-72 tanks before the Indians start coproducing the T-72 next year.

plans additional engine and fire-control system improvements for the T-55s and T-72s. The

Indians will probably begin to replace their Vijayantas with the domestically produced Arjun Main Battle tank scheduled to enter production in 1988. say the Indians also plan to buy over 200 light tanks, probably Swedish IKV-91s, for their armored reconnaissance and amphibious forces.

Indian efforts to field self-propelled guns will continue to lag. Attempts to field a Soviet 130-mm gun on a Vijayanta chassis have apparently failed.

Indian plans are now focused on mating a US 155-mm turret to the Vijayanta hull. Developing this new system, rather than buying a proven design, will probably delay fielding these important weapons until the mid-1990s. Meanwhile, Indian purchases of towed guns continue;

The Pakistanis plan to upgrade their Chinese tanks and purchase additional US tanks.

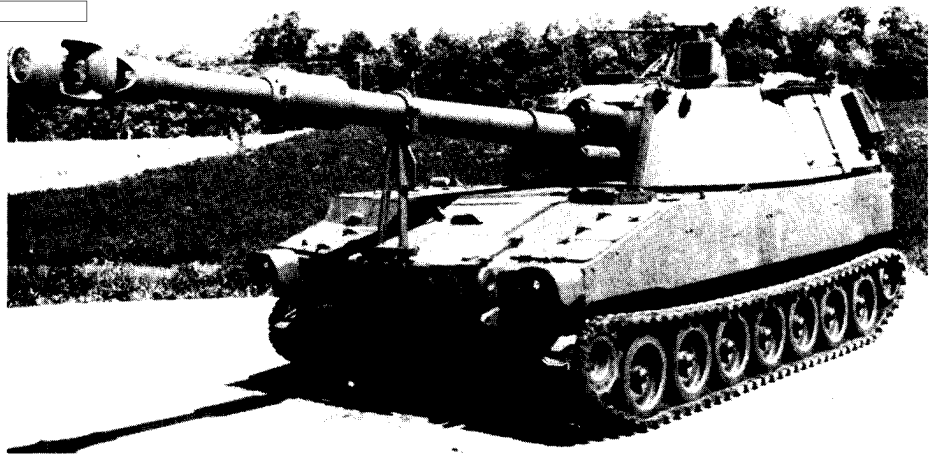
Islamabad has also told US officials that they may ask for 400 US M-1 tanks. The M-1 is superior to any tank in the Indian inventory but is much heavier and more complex—particularly because of its turbine engine—than existing Pakistani tanks. In our judgment, the M-1 would overburden Pakistan's roads and bridges and complicate the Army's logistic and maintenance system, without adding commensurate improvement in combat capability to its tank forces.

Islamabad's artillery modernization plans call for acquiring additional US-made self-propelled guns and advanced artillery weapons. Pakistan has 88 self-propelled guns on order, further expanding its edge over India in this category. The Pakistanis are also acquiring the Copperhead laser-guided projectile that

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M109A2 self-propelled gun [redacted]



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will increase the tank killing capability of their 155-mm guns, and they are placing a high priority on acquiring the Multiple Launch Rocket System from the United States. This system is capable of firing 12 rockets armed with hundreds of antipersonnel and antiarmor bomblets a distance of 30 kilometers. [redacted]

about 4,000 fatalities on the western front after two weeks of combat. We speculate that in a future war, casualties from more modern weapons—particularly from artillery, which accounts for 70 percent of casualties in modern warfare—could easily be four to five times higher over a similar period. [redacted]

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In our judgment, these purchasing patterns will reinforce the existing asymmetries in ground force equipment between India and Pakistan. The imbalance between New Delhi's highly mobile armor and its largely towed artillery will continue to grow, seriously curtailing the Army's ability to strike deeply and quickly into Pakistan. Islamabad's defensive strategy calls for fewer tanks than India, but it probably has too few. Current acquisition plans, compared with India's, over the next five years will not close the gap. Pakistan's growing and more modern mobile artillery inventory will not be large enough to assure a successful defense. [redacted]

[redacted]

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Both sides will acquire a veneer of mechanization that will not change the fundamental infantry character of their armies. New equipment alone will not guarantee success in battle but will guarantee a substantial increase in the number of casualties both sides can inflict. In 1971, Indian and Pakistani forces suffered

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Afghanistan: Smuggling Across the Border

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The reexport trade in Afghanistan—which involves the import of luxury and manufactured goods that are then smuggled out, most often to Pakistan—is a time-honored custom for Afghans and an important source of income for the Kabul regime. This trade, although illegal in Pakistan, is encouraged by Pakistani trade restrictions that exclude some imports, subject others to quota and licensing restrictions, and apply high tariffs to additional categories, according to the US Embassy in Kabul. The Government of Pakistan, which cannot collect customs fees on the smuggled merchandise, cannot stop the illegal flow of goods.

a valid Afghan customs clearance vouching that the goods were legally imported into Afghanistan and that all duties have been paid.

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Kabul is the main transshipment center for this trade. A common smuggling route for the goods is from the capital to Bara in the North-West Frontier Province, according to the US Embassy in Kabul. The merchandise is carried by truck a few kilometers west of the first Afghan customs checkpoint at the border. There—usually in the early evening—the truck leaves the paved road and approaches the border south of the official crossing point. Goods are then transferred to mules or camels for the trip to Bara, the main transshipment point in Pakistan, according to the US Embassy in Kabul.

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The Reexport Trade

The reexport trade has been given particular emphasis by the Communist regime in the interest of earning foreign exchange. Since 1982 it has been actively promoted by the Soviet KGB in Afghanistan, working through the Afghan Minister of Commerce, according to press reports. A state-owned company—Afghan Kart—has been formed for the express purpose of carrying out this trade.

Incentives

The trade is extremely profitable for both the Kabul merchants who import the goods and the traders who smuggle them across the border and retail them in Pakistan and elsewhere. The price charged by Kabul merchants covers the cost of the goods, customs duties averaging 35 percent, plus a 15-percent profit margin. Transportation costs and “taxes” to insurgent forces along the road to the border are paid by the traders, who nevertheless still make profits in excess of 100 percent on resale of the goods in Pakistan,

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approximately 80 percent of the goods imported into Afghanistan by Kabul merchants are reexported—smuggled—abroad. The reexports go primarily to Pakistan, but some goods are also smuggled into Iran and India,

Textiles, electrical equipment, tires, and plastics are the principal goods traded. They are officially imported from Japan, the United States, South Korea, and Western Europe and assessed customs duties. They are then sold to buyers who will retail them in Pakistan.

The reexport trade also enriches the regime’s coffers by encouraging imports into Afghanistan that increases its revenues from customs duties. In addition, because Afghan merchants receive payment in hard currency, Kabul maintains an important source of hard currency by encouraging this trade.

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According to the US Embassy in Kabul, Afghan merchants sell the goods to Pakistani traders—usually Pushtun tribesmen—on credit, with payment due the goods have been resold in Pakistan. Payment is normally in dollars, deutsche marks, or other convertible international currency. The buyer receives

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26 September 1986

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Outlook

With the deterioration of Afghanistan's official trade in recent months, the importance to the regime of hard currency earnings from the reexport business has increased, in our view. It is unlikely that Pakistan will crack down on this trade in the foreseeable future because of its inability to monitor the border area and its interest in keeping the border open for the transit of weapons and supplies for the Afghan insurgents.



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Secret**Near East and
South Asia Briefs**

Arab States**Reactions to Peres-Mubarak Meeting**

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Official Arab reaction to the meeting between Egyptian President Mubarak and Israeli Prime Minister Peres on 11-12 September was generally pragmatic, in sharp contrast to the emotional criticism of the first Sadat-Begin meeting nine years ago. Private reactions from the Gulf states were especially favorable; PLO leader Arafat withheld comment. Except in Syria and Libya, even the press carried mixed reviews rather than the overwhelming condemnation accorded Sadat's initiative.

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The reactions of most moderate Arabs to this meeting, as well as to the July meeting between Peres and Moroccan King Hassan, reflect a willingness to judge Arab-Israeli contacts on the basis of their results rather than to oppose in principle any Arab meeting with Israeli officials. This Arab emphasis on results will lead to disappointment should the peace process once more stagnate. Mubarak may then lose any benefit he might have gained from this meeting, as he is using it to bolster his claim to Arab leadership in the Middle East peace process.

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26 September 1986*

Secret**Tunisia****Labor Movement Reunited** [REDACTED]

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The Tunisian Government has consolidated the country's two primary labor federations—the UGTT and the UNTT—in an attempt to strengthen control over a primary source of opposition to austerity measures. Although membership in the new UGTT is being enforced by the government, some workers are shunning the new organization because of concern over government control, internal disputes over leadership, and the continued incarceration of labor leaders. [REDACTED]

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[REDACTED] The UGTT, in particular, gained labor support in the past because of its aggressive stand on wages and its willingness to confront the government on labor issues. In the short run, union rivalries and the more progovernment stand of the UNTT membership probably will cause the new federation to focus its energies on internal bickering instead of against government austerity measures. In the longer term, however, if the federation prospers, it could become an even greater force to reckon with if government control cannot be maintained. [REDACTED]

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